

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

NOVEMBER 1949



At the desk of A.B.A. President Peterson (see pages 1 and 36)

The Gold War

(page 33)

Unlike the bull in the china shop



We don't rush in, when there's inventory to be field warehoused, and thrash around upsetting the smooth course of the borrower's business. Because we always know just what we are doing, and how it can best be done, nobody has to step in at any stage in the proceedings and "pick up the pieces."

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THIS MONTH'S COVER

F. Raymond Peterson, *far right*, chairman of the First National Bank and Trust Company of Paterson, New Jersey, was elected president of the American Bankers Association at the 1949 convention. With him in the photo are three other officers of his bank. They are, *left to right*, Executive Vice-presidents John T. Deighton and Andrew De Ritter, and President Benjamin P. Rial. An article, "Meet President Peterson," appears on page 36. Convention highlights will be reported in the December issue

Editor WILLIAM R. KUHNS

Associate Editors

WILLIAM P. BOGIE JOHN L. COOLEY

Assistant to the Editor MARY B. LEACH

News Editor THEODORE FISCHER

Editorial Assistant DOROTHY OVERZAT

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Convention Report

THE San Francisco convention of the American Bankers Association came too late to permit coverage in this issue of *BANKING*, but we'll report the highlights of the meeting next month.

Yes, there'll be pictures.

Peterson of Paterson

CONVENIENTLY alliterative are the name and the bank of the new A.B.A. president, F. RAYMOND PETERSON, chairman of the board, First National Bank and Trust Company of Paterson, New Jersey, who took over, at San Francisco, the chores of high office from EVANS WOOLLEN, JR., board chairman of the Fletcher Trust Company, Indianapolis.

Following an old custom, *BANKING* presents in this, the issue nearest the convention, a sketch of the Association's new chief executive. "Meet President Peterson" (page 36) takes you back to Mr. PETERSON's boyhood in

his native Kansas, through his early years as a banker, jobs as a bank examiner in four Federal Reserve districts, and subsequent steps in a career that landed him in New Jersey and the presidency of the American Bankers Association.

Here's a chatty, informal, friendly story about "Pete of Pat"—the "practising optimist" who believes that "challenges are opportunities" and that the history of banking "is a record of men who turned problems into projects" and "difficulties into remarkable achievements."

Happily Ever After

A good friend of *BANKING* sends a story about a correspondent service which he suggests sets some sort of record.

It seems that the president of a small-town bank wrote his big-city correspondent on behalf of a woman teller who was moving to the city. The letter asked the metropolitan banker's cooperation in getting the girl a bank job and a place to live.

The big bank gave the assignment to one of its most capable secretaries who promptly got the migrant a position and took her in as a roommate. Later she introduced the newcomer to a male friend and the two are soon to be married.

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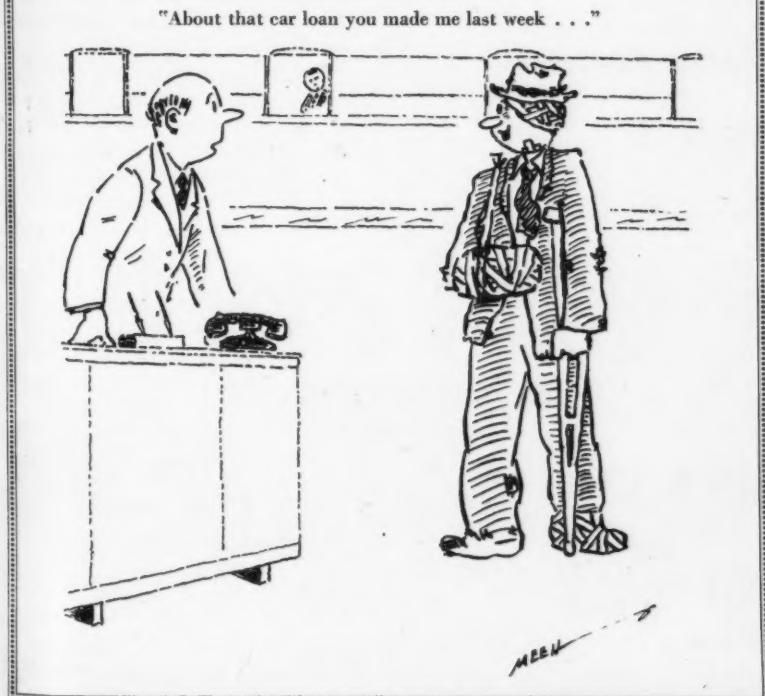


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Enquiries welcomed.



Monthly Commercial Letter upon request

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"Why don't you ask your father? We don't give out any information"

list of correspondent bank services," observes our reporter.

Footnote

A BANKER who is taking the correspondence course in commercial law offered by the American Institute of Banking added this comment to a recent examination paper:

"The more I go into this the more I am convinced that if there is a Federal judgeship open in New York upon my completion of this course, I shall apply for the job!"

Watch for It!

BANKING's editorial staff is currently elbow-deep in the manuscript of *Present Day Banking 1950*.

This reference book on the banking business will be published soon after the first of the year. Its text, written by experts in the many subjects covered, is

(CONTINUED ON PAGE 6)

"I'm sure I'll like working here. I've always loved money"



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THRIFT HABITS FORMED BY CHRISTMAS CLUB

Writes Mrs. Antoinette Marie Lent, Clifton, N. J.: "My husband was reared in the come-easy, go-easy order of the day. We could never keep more than a twenty-five dollar balance in our bank account because of constant withdrawals for things we could have done without. Finally I joined the Christmas Club for each of us. This led to our habit of systematic saving and reinvestment of our Christmas Club funds. We soon made a down payment on a home and in five years time had paid off the mortgage."

PEACE AND CONTENTMENT THROUGH CHRISTMAS CLUB

Writes Mrs. Florence Furber, Reading, Massachusetts: "After our children married, my husband and I moved to a city apartment. We soon realized our mistake and yearned to return to the country. It took a lot of will power and hard work, but by cutting expenses and saving through the Christmas Club, we were able to make a down payment on a country home and obtain a mortgage with the help of our local bank. Christmas Club has taught us the value of thrift and brought us peace and contentment."



TEACHER INSTRUCTS THRIFT BY PRACTICAL DEMONSTRATION

Writes Mrs. Josie Rowlett, Cairo, Illinois: "Through Christmas Club, I started my first bank account and eventually bought a home. As a teacher I was determined to convince my pupils of the value of systematic saving. I gave each of my 38 pupils a Christmas Club book and paid one week on each as a Christmas present. Of the group, thirty continued payments and received checks for Christmas. It taught them self-reliance and they learned about banks and their service to the people."



A HELPING HAND FOR THOSE WHO SAVE FOR A PURPOSE

• In every case, the people pictured here have saved for a purpose through Christmas Club. In every case, they have also sought and received a helping hand from their local banks, which enabled them to fulfill an important ambition in life.

• This is a fine example of democracy at work. It is also an example of how Christmas Club customers so often become prospects for other banking services and learn the advantages of a connection with a bank.

• Human relation programs pay dividends when people learn the habit of thrift and systematic saving through the Christmas Club. They come to know their bankers as friends in time of need—as partners in saving for a purpose. Through weekly visits to your bank, they think of it as their financial headquarters.

• Christmas Club is an inspirational force through which more than ten million Americans are learning the habit of thrift. Through its human relations program, Christmas Club is constantly building new business for banks from coast to coast—Banks that have Christmas Club are Banks that grow.

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Very truly yours,
[Signature]
Vice President

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entirely new, and will offer readers up-to-date facts about bank operations, national banking, state banking, savings banking, the trust business, bank advertising and public relations, banking education, bank investments, credit, the current economic scene, taxation and legislation, and sundry other activities, including those of the American Bankers Association.

Statistical tables and charts are used liberally to supplement the text. The book will contain more than 400 pages.

Dear Reader:

A MAGAZINE staff—ours, for instance—works for weeks at getting out an issue, only to say, when the final proof has been okayed: "That's that! Now—what will they read?"

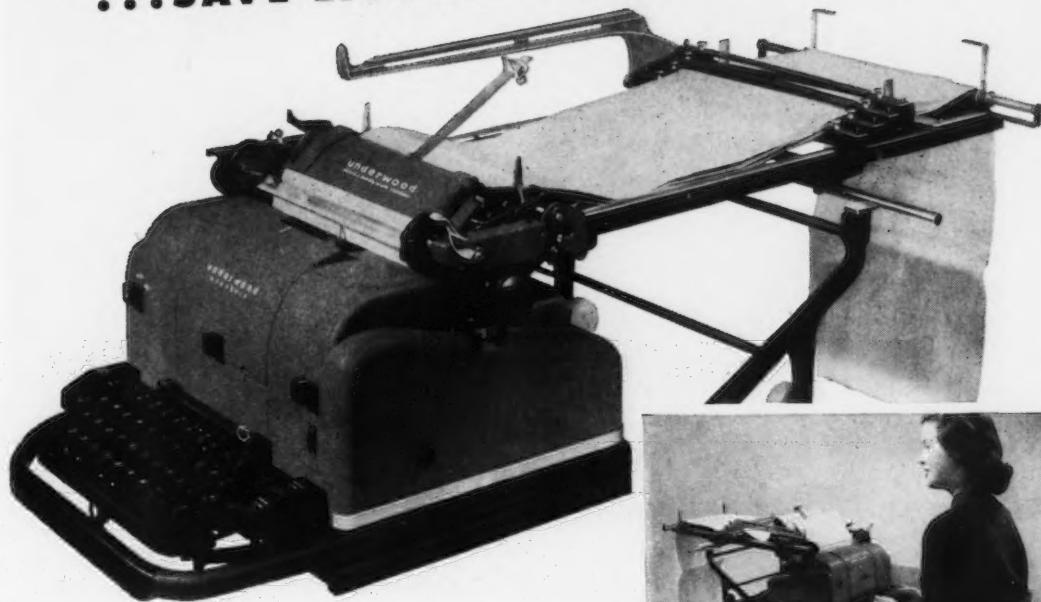
"They" refers, of course, to you and you . . . and you. Every magazine's fate, when it leaves the printer for the journey through the mails, is in the hands of a jury from whose verdict there is no appeal. The editors try their best to print interesting articles, clever cartoons, good pictures; but they can never be sure that "the circulation" (as you are called collectively) will pay their efforts the perfect tribute of careful, even if selective, reading.

This month's cartoon feature, drawn as usual by DICK ERICSON, puts a novel slant on what can befall a magazine. Proud, good-looking, eager "Must Be Read" reaches his subscriber in high spirits, hopeful of being read and thereby changing his owner's whole life. Disillusionment follows swiftly; poor MBR is put on tall pile of other publications

(CONTINUED ON PAGE 8)

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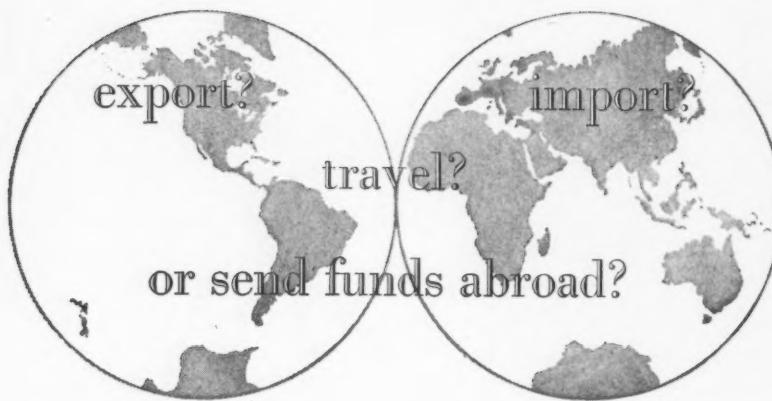
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awaiting the spare minute that somehow just can't be extracted from a busy man's crowded calendar.

Well, eventually MBR is taken home; his subscriber, like all subscribers, is well-intentioned and plans to do his reading just before going to bed. You can guess what happens—and it does.

"The Adventures of Must B. Read" (page 40) applies to a condition all too familiar to business executives. That's why BANKING goes to great length to keep in touch with its readers' interests and to give them what they want.

Devaluation Fallacies

THE importance of maintaining the dollar in the face of general devaluation is emphasized in this month's BANKING article by Dr. WALTER E. SPAHR, executive vice-president of the Economists' National Committee on Economic Policy.

(CONTINUED ON PAGE 10)

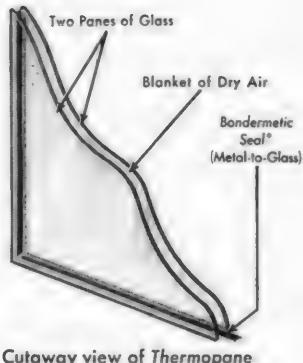
"I thought you said that only the rich were getting soaked"



BANKING



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FIDELITY, SURETY AND BANKERS
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After pointing out the fallacies in devaluation, Professor SPAHR (he is professor of economics at New York University) says: "Our non-gold dollar has been permitted by our Government to depreciate in terms of our standard unit both here and abroad. That is a symptom of danger. Our Government should end that danger promptly."

We need, he continues, to "maintain unqualifiedly the value of all our dollars in terms of our standard monetary unit. And we must hurry or Switzerland will be the first to lead the ultimate parade of countries back to redeemable currency and monetary sanity since, as things stand now, she is to begin redemption on January 1, 1950. Apparently Italy plans to follow her as soon as possible. . . ." Thus it looks as though the U. S. A. would have to take the proverbial back seat insofar as monetary leadership is concerned.

Although there is no valid reason why we should alter the weight of our standard monetary unit, Dr. SPAHR sees two dangerous elements in the present situation: one "the drive of the gold bloc" for a higher price for the metal, the other "the widespread notion that there are real gains to be had by participating in competitive devaluation." He makes no attempt to estimate the relative danger from either.

And it is "very fortunate," he says, that top officials in the Government have expressed opposition any change in the dollar's gold content.

"The Gold War," a timely discussion, appears on page 33.

JOHN L. COOLEY

"Please, Santa, I have one more request.
 Will you cash a check for me?"



BANKING

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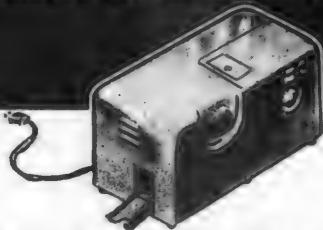


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Midget Maxims

Respect is what you have for the person who thinks your advice is sound.

A vacation resort is where you go when you are tired and where you return from completely worn out.

A Cleveland judge says a wife can go through a husband's pants' pockets and take what money she needs. Even the courts finally recognize established practice.

Vision is what we admit we have when we guess correctly.

Speed is what the city commuter eats his breakfast with.

The way to change your wife's opinion on anything is to agree with her.

A man's secret ambition is to be as wise as he thinks his wife thinks he is.

In the horse-and-buggy days you could depend at least on the horse to have some sense.

There is no more worthless exercise than developing your wishbone.

We have yet to meet a man of few words who is not married.

The difference between success and failure in marriage is whether the ring is put on the finger or through the nose.

Why do they say, "Her father gave the bride away," when it cost the bridegroom flowers, candy and gifts for five years?

Progress—In the old days mother saved her wedding dress for her daughter. Now daughter saves it for her next marriage.

In America, if you do well at a job, you may become well-to-do at a job.

Many public speakers know how to say nothing, and if done with enthusiasm it often is applauded.

Many a woman whines her husband around her finger.

The fellow who sows wild oats generally reaps a bumper crop.

When a nation becomes allergic to work, it's on the road to failure.



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cified group of accounts. This includes the sorting of debits and credits, examination and filing of debits, posting and proving ledgers and statements. All work is done right at her desk...no wasted motion...no wasted time. She enjoys the diversified work which results in less fatigue.

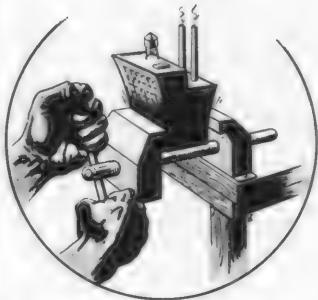
What's more, the Unit Plan Desks protect ledgers, statements, and cancelled checks from fire right at the "point-of-use." That's protection 24 hours a day—no need to store in a safe or vault. Simply closing the Unit Plan Desk seals in your vital records—safe from flames, smoke, and water. *This protection is certified by both the Safe Manufacturers National Association and the Safe-Cabinet Laboratory.*

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THE FIRST NAME IN BUSINESS SYSTEMS

Are the jaws of competition closing in on you?



Is your sales area gradually getting smaller and smaller? Is your market dwindling until demand is not keeping pace with your production? Are falling prices for your goods plus increasing transportation costs giving you concern? Are your competitors gradually picking off your best customers with faster deliveries and better service?

Possibly your plant location is not what it should be. Probably a factory or assembly plant or distributing warehouse in Tennessee within an expanding market would solve some of your problems. With a location in Tennessee you can serve both the southeast and the southwest overnight, and short hauls lessen your transportation costs. Here quick deliveries to satisfied customers are possible by truck fleets over a network of excellent highways and faster by railway and air express.

Why not investigate the advantages that may be yours with a Tennessee location? At least you will know the facts. Ask for specialized industrial location data. On your letterhead, please.

Industrial Section
DIVISION OF STATE INFORMATION
125 State Office Building
Nashville 3, Tennessee

TENNESSEE
Proven in both Production
and Markets. . . .



IN our bank's newspaper and radio advertising, Federal Housing Administration modernization and repair loans have a prominent place. It's difficult to check on returns from radio advertising, and one morning shortly after our officers had been discussing whether or not anyone listened to these broadcasts, we were delighted to have a customer come in and mention, while making application for a loan, that he had heard the announcer say that our bank wanted to "help folks fix up their homes."

He was a tall, cadaverous-looking



individual, with an eye which wandered all over the bank as he put his case. "My house needs some roof repairs," he said, "and I'd like to borrow \$300 to get the work done." Looking off into a far corner of the room, he continued, "And if there's any money left after the roof's fixed, I could maybe put a payment down on a new heater and get the radio fixed." The loaning officer explained the routine for getting an FHA Title 1 loan, stressing the fact that it would be necessary to get an estimate from a reliable contractor as to what the cost of repairing the roof would be. The customer's countenance looked longer than ever.

"Seems as if that's a lot of trouble for everybody, just for a small loan," he grumbled. "Why can't you just loan me the \$300 on GENERAL PRINCIPLES, and let me handle the money myself?"

THE old lady customer living "out in the sticks" had a small, inactive account—the type of account on which

statements are sent only at longer intervals than for active accounts

A few days after a statement had been sent to her, along with other customers with inactive accounts, she was observed standing outside the door, about ten minutes before opening time, anxiously peering over her spectacles and apparently impatiently waiting for



the doors to be unlocked. As soon as she entered the lobby, she sought out her favorite teller and pushed her statement through the window.

"Is there something wrong with it?" the teller asked, with a smile. "No, I just wanted to be sure to get it back to you on time," replied the old lady. "I managed to catch a ride with one of my neighbors in his truck this morning,



early, and I've been waiting a long time to give it to you. I was afraid I'd be late."

"But you didn't have to bring it back," said the puzzled teller, "it's your's." "Why, you ASKED me to bring it back," declared the old lady, equally puzzled. "See here, it says so right on the envelope"—and she indicated with a gnarled forefinger the lines in the left-hand corner. "It says, 'Return to the Blank State Bank in five days.' I set it up on the mantel and most forgot about it, and I was worried all the way in to town that I wasn't going to get here in time, 'cause the five days are up this morning!"

BELLE S. HAMILTON

BANKING

Some
things

you

can

depend

on



We've built our bank and our reputation
on our ability to *do* things—
by *knowing* the way if there
is one, by *finding* a way if it can be found.

We're not always successful—no one can be.

But you can depend on this—we'll do everything
we can to give you the assistance you need. And in doing so,
we won't be hobbled by red tape or blinded
by preconceived notions.

That's a promise.

If your bank needs that kind of service,
we'll be glad to give it to you.

For 146 Years—Banking for Business

THE PHILADELPHIA NATIONAL BANK

Organized 1803 **PHILADELPHIA 1, PA.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Rattlesnakes—\$1 Each

LOUIS W. STEVENSON



The author is a resident of Wellsboro, Pennsylvania, who was active in assisting the local banks in the rattlesnake eradication program. The president of the Tioga County Savings and Trust Company, Claude E. Bennett, has written BANKING that the campaign was so successful that, "unless the county commissioners come through with a bounty payment next year, you may rest assured that both banks will repeat the offer during the summer of 1950."

THERE are too many rattlesnakes in your county!" an out-of-state visitor said to Claude E. Bennett, president of the Tioga County Savings and Trust Company of Wellsboro, Pennsylvania. That was the spark that started a publicity program by Wellsboro's two banks that is probably the first of its kind in the country.

For two years the writer had endeavored to get the county commissioners of Tioga County to pay a bounty on timber rattlesnakes because of the increasing number of the dangerous reptiles that were being seen all over the county.

Several persons had been bitten, but prompt medical attention had averted fatal results to the victims. An elderly woman in the village of Knoxville went into her kitchen and discovered a large rattler coiled up under her washing machine. A farmer killed two large rat-

tlesnakes in his front yard, close to the spot where his small children were playing. Another resident had stepped over a snake lying on her cellar stairs but fortunately the snake had failed to strike her. These and many like incidents indicated a need for action.

Mr. Bennett was unable to forget the remark his visiting friend had made and the following morning, he and Harry Webster, vice-president of the First National Bank of Wellsboro, met with the writer and discussed the situation. The result of the meeting was the establishment of a program for the payment of a bounty of \$1 per rattlesnake, to be financed jointly by the Tioga

County Savings and Trust Company and the First National Bank.

Affidavit cards for claims for bounty payment were printed that same day. Seven reputable businessmen in scattered sections of the county agreed to cooperate in the handling of the bounty payments. Local newspapers carried write-ups of the program on August 17, 1949, and the interested parties then sat back to await results. They were not long in coming.

On Sunday following the publication of the bounty plan, Alan White of Crooked Creek, Pennsylvania, a 15-year-old school boy, persuaded his father to take him rattlesnake hunting. By noon of that day they had killed 26 of the reptiles. Finding the hunting so good, they went out again in the afternoon and accounted for 48 more, making a total of 74 rattlesnakes killed that one day and \$74 bounty collected—and they had had an exciting day. One large rattler was slightly hurt by a 22 caliber bullet and was crawling into a hole but Alan, seeing \$1 disappearing into the ground, grabbed the snake by the tail and pulled it out. A well-placed shot guaranteed the \$1 for him.

The story of Alan's exploits on that Sunday and the bank's bounty program made news not only in northern Pennsylvania papers but in all parts of the United States and Canada.

As the news spread throughout Tioga County, school boys, farm laborers, men interested in the sport angle alone, and even a troop of Boy

(CONTINUED ON PAGE 18)

The affidavit form used by the two banks

I,	Name	Address
a resident of Tioga County, hereby certify and swear that on.....		
(Date)		
I killed rattlesnakes in Tioga County, Pennsylvania, and request either the		
(Number)		
Tioga County Savings and Trust Company or the First National Bank of Wellsboro		
to pay me a bounty of \$1.00 for each snake killed.		
Witness:		
(SEAL)		



Whenever you build...events like these may happen

- *Faulty Workmanship*
- *Unforeseeable Contingencies*
- *Liens on Your Property*
- *Non-Completion*
- *Faulty Materials*

This Man
**can protect you
against LOSS!**

HOW? By arranging with your contractor to furnish performance bonds which will protect you against all such losses.

WHO IS HE? Your local U.S.F. & G. Agent —trained to handle the bonds you need for protecting your investment.

HOW DO YOU REACH HIM? He is as near as your telephone. Consult your local U.S.F. & G. Agent today.

FOR U.S.F. & G. SERVICE: Call Western Union by number and ask for Operator 25, who has name and address of your nearest U.S.F. & G. agent.



United States Fidelity & Guaranty Company, Baltimore 3, Md.

Fidelity & Guaranty Insurance Corporation, Baltimore 3, Md.

Fidelity Insurance Company of Canada, Toronto

*CONSULT YOUR INSURANCE AGENT OR BROKER
AS YOU WOULD YOUR DOCTOR OR LAWYER*

We Congratulate AMERICAN BANKERS who helped the AMERICAN SYSTEM grow



As American Bankers meet in San Francisco for their Annual ABA Convention, American Surety Group congratulates them on their generous and continuous support of American enterprise—whatever its needs. Such faith and good works have helped to build American Business.

FAITH IN THE NATIVE ABILITY OF FREE ENTERPRISE TO ACHIEVE ITS GOALS is basic to American Surety Group's concept of doing business. For 65 years American Surety Company has served the bankers directly by bonding their employees and, indirectly, by bonding those of their clients.

Today, American Surety Group, through its agents and insurance brokers, actively solicits the opportunity of further serving the bonding and insurance needs of banks everywhere on the North American Continent.



AMERICAN SURETY GROUP
AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY
"Dependable as America"

100 Broadway, New York 5, N. Y.

(CONTINUED FROM PAGE 16)

Scouts looking for funds for the troop treasury took up snake hunting as a means of earning some quick cash. In four weeks' time 1,075 rattlesnakes were killed and \$1,075 bounty paid.

The owner of Wellsboro's two theaters offered a prize of a theater pass for one year to the individual killing the largest snake. A 59-inch timber rattler took that prize. Alan White had increased his kill to a total—the record—of 220 snakes. A farm hired man had killed 77 rattlers in one day and held the record on that score. All over Tioga County people were talking of the rattlesnake bounty and praising the Wellsboro Banks for taking the initiative in the rattlesnake eradication program.

The cost to the banks was approximately \$1,100, jointly, or \$550 for each bank. In return, the banks have built up good will for themselves throughout Tioga County that would have to be calculated in the thousands of dollars. Further, they have demonstrated that they are vitally interested in the welfare of the communities they serve and are not afraid to spend money to guarantee the success of any worthwhile civic project, even though it may be killing rattlesnakes.

By the Way—

Bashful country lad proposing: "I was just wondering if your Paw could do the milking alone from now on if you said yes if I asked you to marry me."

If you want to get credit for knowing what you're talking about, keep your mouth closed.

Automobiles are injured if they are left out in the dew. If there is too much due on them, it's even worse.

There is a close relationship between history and hysteria.

We don't know what can be so difficult to understand about the atomic theory to a generation that mastered the American income tax blank.

It's a short journey for some people to reach their wit's end.

If a woman shows interest in you, she expects to get the principal.

In some restaurants, everybody is a waiter.

Time and tide wait for no man. It certainly would confuse things if they did.

Meeting Bank Needs the World Over



Mosler BANK VAULTS

No great surprise that the first two Federal Reserve Bank Vaults ordered since the war (Seattle, Washington and Portland, Oregon) should be built by Mosler. Because, for more than a century, banks the world over have depended upon Mosler's complete line of fine equipment for the best fire and burglary protection available.

Of all the Bank Vaults installed throughout the world by Mosler, not one has ever failed to give complete protection. Reason enough why no bank can afford not to check with Mosler before ordering protective equipment of any kind from safe deposit boxes to bank vault installations.

The Mosler Safe Co.

Main Office: 320 Fifth Avenue, New York 1, N.Y.
Factories: Hamilton, O.

LARGEST BUILDERS OF SAFES AND VAULTS IN THE WORLD

Boston
Chicago
Philadelphia
Pittsburgh
Washington, D. C.
Atlanta
Baltimore
Cincinnati
Covington, Ky.
Minneapolis
Dallas
Houston
Denver
Detroit
Kansas City
Los Angeles
Portland, Ore.
St. Louis
San Francisco
York, Pa.
Pensacola, Fla.



Builders of the U. S. Gold Storage
Vault Doors at Fort Knox, Ky.



Why Pelican is called Pelican is anybody's guess . . .

Besides being vice-president of the First Bank of Sitka, Alaska, Mr. BROWN is secretary-treasurer of the Alaska Bankers Association and editor of its Newsletter. After engaging in banking in the eastern United States, he went to Alaska in the summer of 1941, where he has remained except for two years in the Army. He has previously written "yarns," as he calls them, for BANKING.

IN CASE you are wondering, this is not the story of that wonderful bird the pelican, whose beak can hold more than his bellycan, but is about the place Pelican, Alaska, sometimes called Pelican City.

Pelican is about 90 miles north of Sitka, is very strategically located on the north end of Chichagof Island, in Lisienski Strait, with access to the Pacific Ocean and the Icy Strait area. I say strategically located in the sense of the fishing industry, as its location saves a lot of unprofitable running time for the fishing vessels, and during the very brief fishing season this is no small item.

Why Pelican is called Pelican is anybody's guess, as there isn't a pelican in the area. It was probably arrived at by the same reasoning that brought forth the name "Chicken," Alaska, in the mining camp of that name far north of here, where chickens come only in cans.

Despite the incongruous name, Pelican is a busy little place in the summer months, its activity being based almost

So We Set Up Shop in Pelican

HARVEY G. BROWN

entirely on the purchasing, freezing, mild curing and canning of fish. The town grew around the cold storage plant principally and the cold storage plant developed because there is deep water close to the steep shore, plus hydroelectric power to provide the power for freezers and machinery. Pelican is quite a new town. In addition to the cold storage, where approximately 5-million pounds of halibut, salmon, and black cod are processed and shipped each summer, there is a salmon cannery that this year will pack close to 60,000 cases.

There being no bank in Pelican heretofore, the First Bank of Sitka decided to establish a facility there to handle the large sums of cash needed by the fish buyers and to offer the First Bank's other services to the people who live there. Toward this end the Pelican Cold Storage Company built on a small but complete banking office. So we came over in May 1949 and set up shop.

For the benefit of any students of the Alaskan or "catch as catch can" system of banking, I will try to outline our procedure and provide some statistics:

First of all, transportation being what it is, we had to find a small boat that happened to be going from Sitka to Pelican to ship our equipment and sup-

plies. Crossing our fingers and hoping that the boat would arrive by the time we wanted to open, we ordered currency shipped and tried to time everything so that nothing crossed up. Nothing did, so the writer flew over, sorted out the supplies, set up the few machines, hung up some signs to the effect that we were in business, and went to work.

This was the first of May and, in my hurry to get going, I came over in coat and slacks, forgetting that Pelican was colder than Sitka. Needless to say, a heavy wool shirt and pants soon replaced the lighter clothes.

While arrangements had been made for an apartment in the cold storage building, the apartment was not immediately available, as some accountants were in it. The only place to stay was at the Club Cafe, sometimes known as the "Kick'n like it." The "Kick'n like it" had rooms upstairs furnished with two cots apiece; there was no heat (except what leaked up from the restaurant below), but it was interesting. You never knew from one day to the next who your roommate would be.

I drew one character who was a grandfather but who nevertheless regaled me with tales of his amorous exploits with this and that waitress in

(CONTINUED ON PAGE 22)

On the back of his snapshot, Mr. Brown states that this is the "Main Drag"



BANKING



Mr. Banker:

THIS ADVERTISEMENT

will be seen by business executives throughout the country in the pages of Nation's Business, Dun's Review, Business Week, and other publications.

Although its message is directed to businessmen, it has definite importance for bankers who make business loans.

Sudden disaster and interrupted profits may put your clients out of business. Proper insurance—of both property and income—is vital to maintain solvency. Hartford's Business Interruption Insurance does more than protect your clients—it helps safeguard the soundness of your loans.

Which would you rather lose— property dollars or income dollars?

If disaster shuts down your place of business, you will suffer an income and a property loss. You need protection against *both*!

Property insurance alone won't protect you against loss of income, but Hartford's Business Interruption Insurance can do just that. If fire, storm, or other hazards insured against, force you to suspend business, Business Interruption Insurance can protect you against loss of anticipated earnings.

Business Interruption Insurance can give you *just what your business itself* would have given you if no interruption had occurred.

Here, briefly, is how Business Interruption Insurance protects you:

OPERATING STATEMENT FOR ONE MONTH

Before Fire

Sales	\$30,000
Cost of Merchandise	18,000
Gross Profits	\$12,000
Expenses	10,000
Net Profit	\$ 2,000

After Fire—WITHOUT Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Expenses continuing during shutdown	\$ 7,000
Net Loss	\$ 7,000
Add. Anticipated Profit Prevented	2,000
Total Loss	\$ 9,000

After Fire—WITH Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Income from Business Interruption Insurance	\$ 9,000
Expenses which continue	7,000
Net Profit	\$ 2,000

(Same as was anticipated had no interruption occurred)

Hartford's Business Interruption Insurance is adaptable to almost any business enterprise; stores, factories, garages, theatres, hotels, etc.

The Hartford have prepared work sheets to help determine how great a loss you might suffer and how much insurance you will need to safeguard your income. Write for them—there's no obligation!

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY

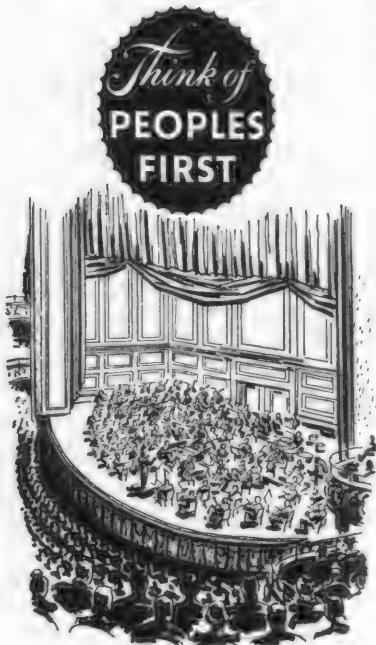
Hartford 15, Connecticut



Year in and year out you'll do well with the Hartford

(CONTINUED FROM PAGE 20)

When you think of Pittsburgh



Although Pittsburgh's greatest renown is associated with industrial achievements, the city provides many notable cultural advantages for its residents. It is the home of Carnegie Institute, comprising famed art galleries, museum, music hall and library. Its Phipps Conservatory, Allegheny Observatory and Buhl Planetarium are outstanding. It has a fine Symphony and annually presents the world's greatest musicians. A proposed new Civic Theatre will be unique among open air amphitheatres. Five colleges and many other cultural features are available.

These facilities are vital to those who plan new operations in Pittsburgh. And it is also important to know that one of the nation's largest banks has the facilities and the desire to co-operate with you on projects in this area. Your inquiries will be welcomed.

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member F.D.I.C.

Ketchikan, or a gal in Seattle. To hear him tell it he was quite a buck. Our facility being more or less in the nature of a test hop, we did not hire anyone to operate it but rotated people from the Sitka bank each month. As the town drops down to 75 or 100 people in the winter months, we have engaged a local party to operate it on a very limited basis this winter. We hesitate to hire someone not familiar with local conditions, although we hope eventually to have someone here, and this will eliminate the need for rotation.

Our service offers travelers' checks, bank drafts, telegraphic transfer of funds, cashing of checks and drafts, accepting deposits for transmittal to Sitka, safekeeping of valuables, etc. In fact, we do everything here that we do at the home bank except lend money. Our bookkeeping is done at Sitka and a daily report is made from Pelican. Principally our business is to provide ready cash for fish buyers, and we have done so to the tune of close to \$1.5-million this summer. As a result of our extension of banking service we have gained 90-odd new accounts and have increased our deposits in the neighborhood of \$200,000.

The person in charge of the Pelican agency must expect no such thing as "regular" banking hours. He or she

hour. It costs too much. Our exchange charge of $\frac{1}{2}$ of 1 percent may seem high to bankers in the states but really it is a small item under the circumstances.

Pelican has no streets. The boardwalk, built on piling, follows the shoreline in a crescent for about half a mile. This is the main street and the rest of the streets, period. Most of the houses are also built on piling and adjoin the boardwalk on the shore side. Some houses are built on scows.

The smaller children are quite often dressed in the usual clothes plus a small life jacket. This works nicely when the



tide is in, but I have wondered what happens when they fall off at low tide and land on the rocks. The tide rises 15 feet, which makes it quite a drop. Very few children seem to fall off, I might add.

Fishermen, however, are different in this respect. Every so often one will get tanked up and turn left when he should hold a straight course, and there will be either a splash or a crash. It's a long walk from Soule's Bar to where the boats are tied, and, after having four too many, Nels may notice the boardwalk heaving a bit. The funny part of it is that no serious casualties result. Having fallen off the boardwalk and survived, our man now automatically becomes a member of the "Progressive Club." Don't ask me why; it's just an old Pelican custom.

Despite there being no "law" in Pelican, no sheriff, marshal or cop of any kind, the place is law abiding.

There is also a movie in Pelican. This does not quite come up to Radio City Music Hall standards, as it is located on a scow. The chap who runs the place (when he isn't fishing) sticks up a few notices to the effect that there will be a show, what is showing, and when. The same chap takes the tickets, and when

(CONTINUED ON PAGE 24)

A GOOD INVESTMENT

because...it handles
any posting...
in any bank



In a matter of seconds, this National Multiple-Duty Accounting Machine changes from any one of these jobs to any other:

- *individual ledgers*
- *general ledger*
- *daily financial statements*
- *trust records*
- *regular mortgages*
- *F.H.A. mortgages*
- *loans and discounts*
- *payroll*

Its removable form bars are changed quickly . . . easily. It will handle *any* posting work, in *any* bank, better and faster. It can be operated by anyone who can type and operate an adding machine.

National Accounting Machines offer an efficient, mechanized answer to every problem of bank accounting. Out of the country's 100 largest banks, 94 use Nationals . . . as do thousands of smaller ones.

National provides a complete line of accounting machines to meet every need of every department of every bank, large or small. They're all described in this handsomely illustrated 64-page free booklet, which your local National representative will be glad to give you.

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

National
ACCOUNTING MACHINES
CASH REGISTERS • ADDING MACHINES



Like having a foreign department
IN YOUR OWN BANK

YOUR correspondent account with either of Bank of America's main offices — in San Francisco or Los Angeles — not only affords you the services of the Bank's many California branches, but also of the worldwide facilities of its International Banking Department.

Letters of credit, acceptances, remittances, travelers cheques — every service related to foreign commerce, industry and travel is yours to command.

The International Banking Department of Bank of America operates directly for you, preserving your relationship with your customer. For complete details, write Bank of America, International Banking Department, 300 Montgomery Street, San Francisco 20.



Bank of America
 NATIONAL TRUST AND SAVINGS ASSOCIATION

Branches throughout California and in London,
 Manila, Tokyo, Shanghai, Kobe, Yokohama
 Representatives: New York, Paris, Milan, Zurich
 Correspondents throughout the world

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

*Sell Bank of America Travelers
 Cheques to your customers*



Mrs. Carl Johnson of Sitka took her turn as manager of the Pelican facility

it appears that all have arrived who are coming he takes the cash box with him, climbs up a ladder to the projection booth and the show is on. The one I saw was Ronald Colman in something called *Condemned to Devil's Island* (I think) circa 1924. Admission is one buck. No newsreel, no Mickey Mouse, just Colman. The seats are made of the softest spruce available in these parts. I forgot to mention that we have modern equipment with the exception of telephones, which sometimes seems to be a good thing. If you want to talk to anyone here it is simple. You just stick your



head out the door and yell "Johnson" or "Peterson." This catches 90 percent of the boys and it's easy to find your party.

Bankers in the states don't know what they're missing by not being in the banking business in Pelican, Alaska.



The letterhead paper you'll find in offices where decisions count!

Every day, more and more leaders in the world of finance are selecting Cockletone Bond for important bank correspondence. They prefer this finer letterhead paper because its "heavier" quality feel, lively snap and rich shade of white add authority and impressiveness to business messages. We invite you to consider the advantages of appointing Cockletone Bond as *your* bank's representative. You'll be surprised at its moderate cost.

THE FINEST LETTERHEAD PAPER EVER PRODUCED BY HAMMERMILL CRAFTSMEN

For the name of a member of the Hammermill Guild of Printers, ready and willing to supply your printing needs on Hammermill Papers, call Western Union by number and ask for "Operator 25."

MAIL THIS COUPON NOW...for your FREE Cockletone Bond portfolio containing specimens of good modern letterhead design which you will find useful in improving or redesigning your present bank letterhead.

With it we will include a sample book of Cockletone Bond.



Hammermill Paper Company
1503 East Lake Road, Erie, Pennsylvania

Please send me—FREE—the Cockletone Bond portfolio and sample book.

Name _____

Position _____

(Please attach to, or write on, your business letterhead)

BCH-NO



LOOK FOR THE

Cockletone WATER MARK

This Window Stopped Them

PAUL PIKE PULLEN



The effectiveness of window displays is easy to determine, says the author. *Above*, an example of how one window stopped them, and . . . *below*, the window that did it

Mr. PULLEN is advertising officer of the Chicago Title and Trust Company.

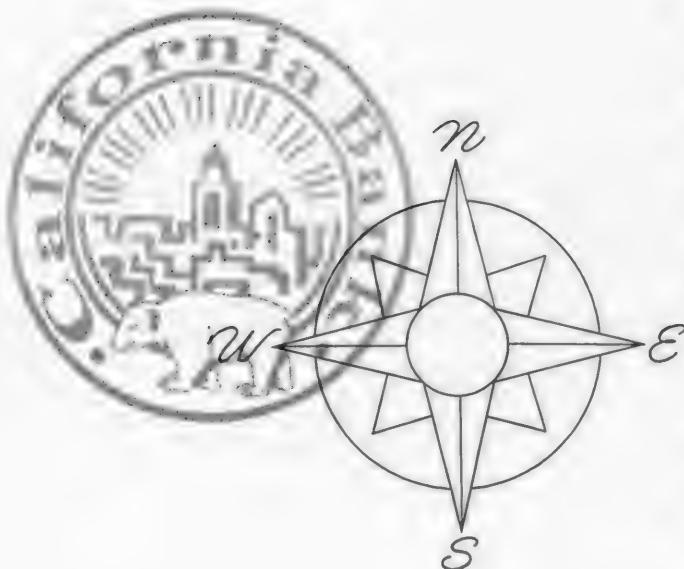
If you're in any way responsible for your bank's window displays, you've probably had some big surprises—and some big disappointments. Some of the really "hot" ideas which you thought were sure fire may have turned out to be duds. And some of the displays about which you were pretty dubious probably clicked beyond all your expectations.

Unless you're a combination artist and interior decorator—as well as banker and advertising man—you probably leave the details of color and arrangement to an expert on creating attractive window displays. But you still have something to say about their planning and their purpose, and if all fails to measure up you don't feel very jubilant about it, to say the least.

In a way, the success or failure of window displays is more apparent than most other forms of advertising. Unless you have keyed your newspaper ad-

(CONTINUED ON PAGE 28)





**Look
to us
when
you
look
west**

1. FACILITIES

California Bank has the complete facilities for quickly handling your Western items, including Hawaii. Fast, 24-hour transit service, overnight air mail—and a network of correspondents ready to provide prompt personal handling.

2. SERVICE

These excellent facilities are backed by a staff equal to serving you well and quickly. Send us your credit inquiries, stock-bond transactions and collections. Depend on California Bank to take good care of the unusual—as well as the customary—needs of your bank and your customers.

California Bank *Los Angeles*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKS AND BANKERS DEPARTMENT • Main Office: 625 South Spring Street

T. E. IVEY, JR., Vice President

RUDOLPH OSTENGAARD, Assistant Vice President

GARDNER TURRILL, Assistant Vice President

F. M. ARMITAGE, Assistant Cashier

FRANK L. KING, President

(CONTINUED FROM PAGE 1)

Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.
LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, September 30, 1949

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 581,726,047.22
U. S. Government Obligations	1,102,405,250.90
Loans and Bills Purchased	956,427,339.70
Public Securities	8 68,482,159.51
Stock of Federal Reserve Bank	9,000,000.00
Other Securities and Obligations	7,214,957.10
Credits Granted on Acceptances	8,428,729.88
Accrued Interest and Accounts Receivable	8,161,870.59
Real Estate Bonds and Mortgages	2,936,827.13
	104,224,544.21
Bank Premises	5,043,563.00
Other Real Estate	36,012.78
Total Resources	\$2,749,862,757.81

LIABILITIES

Capital	
Capital	\$ 100,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	71,661,565.29
Total Capital Funds	\$ 371,661,565.29
Deposits	\$2,280,719,746.78
Treasurer's Checks Outstanding	34,532,851.79
Total Deposits	2,315,252,598.57
Acceptances	\$ 13,248,391.01
Less: Own Acceptances Held for Investment	4,440,167.96
	8 8,808,223.05
Dividend Payable October 1, 1949	3,000,000.00
Items in Transit with Foreign Branches	389,188.09
Accounts Payable, Reserve for Expenses, Taxes, etc.	50,751,182.81
	62,948,593.95
Total Liabilities	\$2,749,862,757.81

Securities carried at \$164,378,843.32 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

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vertising to one of your booklets, you may have some difficulty in determining the readership of any particular ad. In connection with general institutional newspaper advertising, about the only way you can pin a percentage rating on it for attention value and reader interest is to hire some pollsters to ring doorbells.

The effectiveness of window displays is readily apparent—embarrassingly so in case of a poor display; strikingly so in case of a good one. The results—good or bad—are right out in front, for all the world to see.

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(CONTINUED ON PAGE 30)

WILL OF UAH

The will of Uah was translated from the original by F. Ll. Griffith, M.A.F.S.A., reader in Egyptology, University Oxford, and liberalized by Daniel S. Remsen of the New York Bar.

This will was executed B.C. 2548. It was written on papyrus, executed in the presence of three witnesses, folded vertically and sealed with the impression of a scarab, scroll pattern. It was unearthed by Dr. Flinders Petrie at Kahum, Egypt, and is now the property of the Museum attached to London University.

Wherever the brother Ankh-ren is mentioned in the following translation he is described as the devoted servant of the superintendent of works.

WILL OF UAH

AMENEMHAT IV, YEAR 2, MONTH PAOPHI, DAY 18

UAH AM GIVING A TITLE TO PROPERTY TO MY WIFE SHEPTU THE WOMAN OF GESAD WHO IS CALLED TETA THE DAUGHTER OF SAT SEPDU OF ALL THINGS GIVEN TO ME BY MY BROTHER ANKH-REN. SHE SHALL GIVE IT TO ANY SHE DESIRES OF HER CHILDREN SHE DEARS ME.

I AM GIVING TO HER THE EASTERN SLAVES, 4 PERSONS, THAT MY BROTHER ANKH-REN GAVE ME. SHE SHALL GIVE THEM TO WHOMSOEVER SHE WILL OF HER CHILDREN.

AS TO MY TOMB, LET ME BE BURIED IN IT WITH MY WIFE ALONE.

MOREOVER AS TO THE HOUSE BUILT FOR ME BY MY BROTHER ANKH-REN MY WIFE SHALL DWELL THEREIN WITHOUT ALLOW HER TO BE PUT FORTH ON THE GROUND BY ANY PERSON.

IT IS THE DEPUTY GEDU WHO SHALL ACT AS GUARDIAN OF MY SON.

DONE IN THE PRESENCE OF THESE WITNESSES.

KEMEN, DECORATOR OF COLUMNS.
APU, DOORKEEPER OF THE TEMPLE.
SEND, SON OF SENE, DOORKEEPER OF THE TEMPLE.



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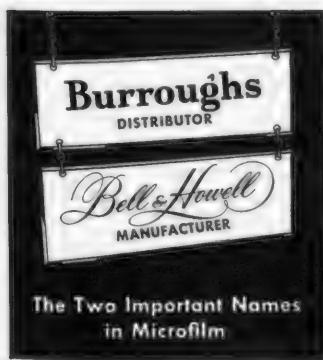
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WHEREVER THERE'S BUSINESS THERE'S

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(CONTINUED FROM PAGE 28)

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Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

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THE TRAV-LER: You all know about this checkbook. It is our popular Personalized Pocket Check already used by several million people. We have just given it a new name to tie it in with its two new companion check books.

THE SECRETARY: Exactly the same as The Trav-ler except that it is bound three checks to the page for the desk at home. With the attractive, gold-stamped cover, three hundred checks sell for \$2.75.

These three checkbooks "round out the line" and provide a personalized check for the pocket, the home, the office. Why not sell all three and eliminate your check expense? Write for samples and detailed information.



Manufacturing Plants at:

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It isn't easy to stop people by financial window displays. Along State Street or Fifth Avenue they will spend hours before the fashion windows—just looking. But to get them to look at anything so prosaic as a will or a trust indenture or a title guarantee policy—well, you start with two strikes against you.

Since there's nothing to be learned from writing about mediocre displays (though I could give you quite a list) let's look at one that actually did stop passersby.

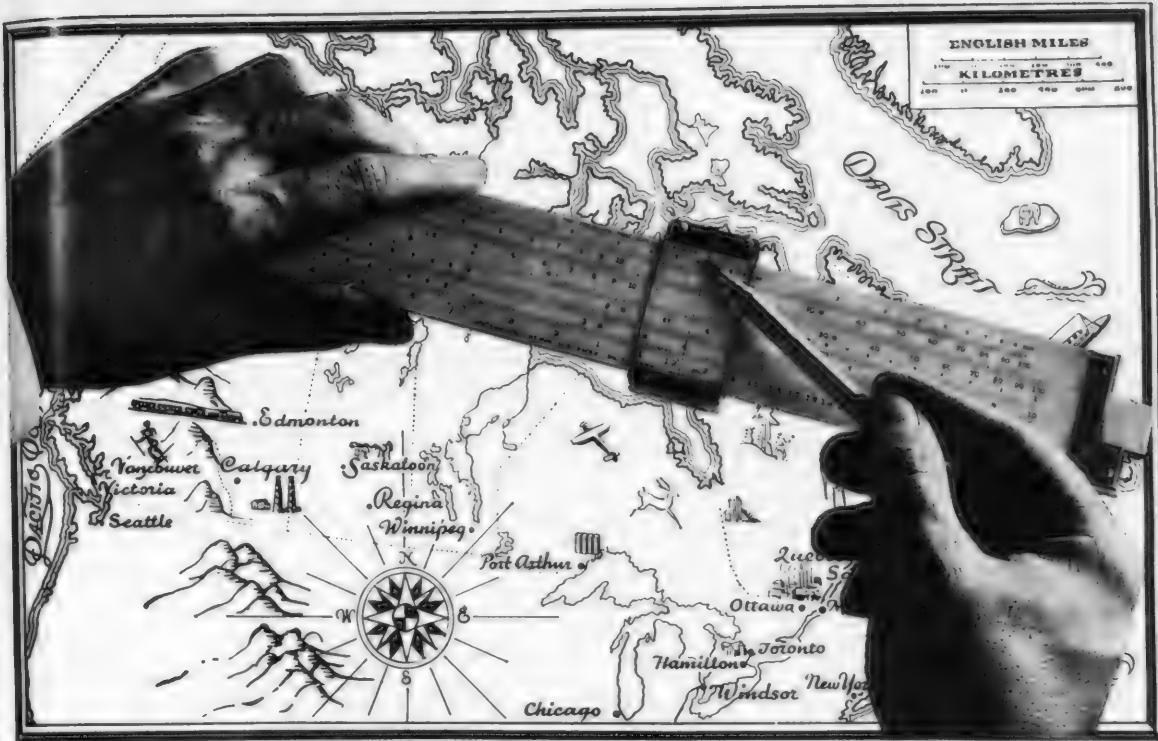
Perhaps people are interested in wills, or perhaps they are just interested in *old* wills, or perhaps they are just interested in *old things*. In any event, the window of "The Oldest Known Will" was the most successful window display we have had. They not only stopped and read the explanation and the translation (mighty few, we suspect, could read the inscription) but they came inside and asked us if we didn't have copies of both. We had enough copies planographed to fulfill the demand.

One of the most surprising features was the number of letters we got from bankers, lawyers and others, the tenor of which was that they had been in Chicago recently, had passed the window, and made a note to write us for a copy of the explanation and the translation. An egyptologist asked to borrow the Egyptian bust for a lecture he was giving. A professor from New York wanted a copy of the inscription for use in his classes.

Has the *oldest* known will persuaded anyone to have a *new* one made—naming us corporate executor and trustee. That is the Sixty-Four Dollar Question. We hope that it has—or will.



"All right, we devalue the beaver. What then?"



Let's measure Canada...

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Measure it as you will . . . in size . . . buying power . . . industrial capacity . . . expansion potential . . . your clients will find the largest single U. S. customer just across the border . . . in Canada!

Just consider the figures. Today, Canada imports \$2½ billion of goods annually, exports over \$8 billion. Its gross national product runs to a value of over \$15 billion. Wages and salaries amount to over \$7 billion. Canada offers immense sources of raw materials, an unexcelled labor supply, abundant low-cost power, and fast economical transportation by air, water, rail and motor highway.

Since 1817 the Bank of Montreal has shared in Canada's growth, has grown with it. With more than 500 Canadian branches, the B of M can answer the specific questions that you or your clients may want to ask about tariffs, labor conditions, plant sites or invest-

ments . . . about freight rates, taxation, import-export or exchange regulations.

So, if you have clients who are planning expansion, talk Canada with us. All inquiries will receive prompt, reliable responses from any of our offices in the United States or from our Foreign Department in Montreal.



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If any of your clients are planning expansion, you'll want this handy, compact word-picture of the new, energetic, post-war Canada—describing her people, her industries and her resources. Filled with facts and photos, it's yours for the asking. Simply ask for booklet A-51.



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They work with tangible things. Copper and steel and rubber and plastics and precious metals. They work with unseen forces, like

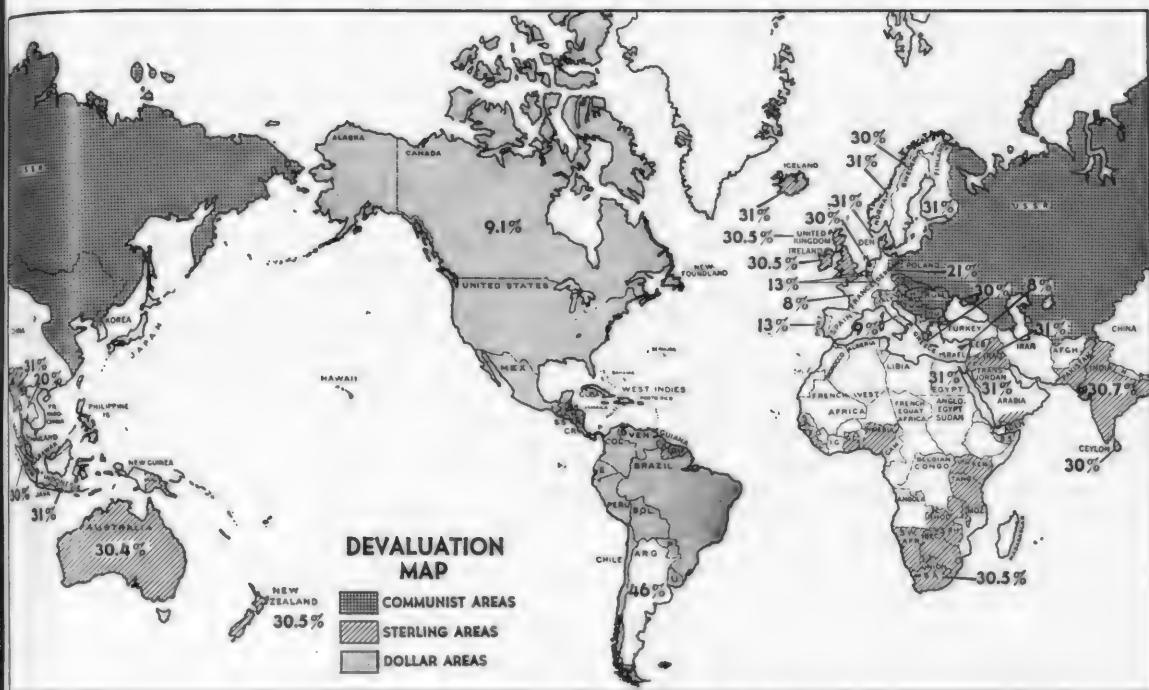
the movement of sound through the air. They work with the never-ending wonders of electricity and with mathematics amazingly complex... study many areas of scientific thought.

They decline to recognize barriers, these busy, quiet men. They live to find new ways. Because of them and the high tradition in which they work, your telephone has come to serve you better every year.

Research is an important reason why the future holds such great promise for the telephone user.

BELL TELEPHONE SYSTEM





The world currency situation as of October 20, 1949

The Gold War

WALTER E. SPAHR

DR. SPAHR is professor of economics at New York University and executive vice-president of the Economists' National Committee on Monetary Policy.

THE need of the United States now is to maintain unqualifiedly the value of all our dollars in terms of our standard monetary unit. And we need to hurry or Switzerland will be the first to lead the ultimate parade of countries back to redeemable currency and monetary sanity since, as things stand now, she is to begin redemption on January 1, 1950. Apparently Italy plans to follow her as soon as possible, since she has recently, according to reports, purchased 116.6 metric tons of gold from us for this purpose.

The United States, which talks so much about its leadership these days—and really provides so little—apparently will soon take a back seat as against poor little countries like Switzerland and Italy in so far as monetary leadership is concerned.

Although the Reed Bill was designed to put us on a redeemable currency at the present statutory price of \$35 per fine ounce of gold, Congress expects to adjourn soon with the consequence that it now appears that the United States is

destined to occupy a regrettable position when the history of this period, in respect to monetary matters, is written.

But apart from these considerations relating to the institution of redeemability, there is no valid reason, regardless of what happens in other countries, why we should alter the weight of our standard monetary unit. Nevertheless, the fact has to be faced that we have two dangerous elements, basically, to deal with these days. One is the drive of the gold bloc for a higher price for gold. The other is the widespread notion that there are real gains to be had by participating in competitive devaluation. The agitation by the gold bloc is one of those unfortunate outcroppings of a group whose program is inimical to the general welfare. The believers in competitive devaluation are perhaps dominated chiefly by exporters and by those publicists who still repeat the fallacies of the 1930's regarding the gains to be had in competitive devaluation.

This writer is unable to estimate the relative danger of these groups, separately or collectively. Undoubtedly they need to be watched and, of course, defeated.

A very fortunate element in this picture is the fact that top officials of our Treasury, Federal Reserve Board, De-

partment of State, and Department of Commerce have expressed opposition to any alteration in our standard monetary unit. These statements of opposition appeared before England's recent devaluation and have not been repeated since except by Secretary Snyder. There is thus far no reason to suppose that the beliefs of those other officials have been altered or that they will fall victims to the gold bloc's agitation or embrace the evils of competitive devaluation. Until evidence to the contrary appears, these officials deserve the support of our leading citizens who also should do all they can to see to it that their Congressmen do not go astray in respect to the maintenance of our standard monetary unit. The ultimate authority for any alteration of our standard dollar rests today with a majority of Congress.

In the 1920's, when European currencies were depreciating, being devalued, and collapsing, we never considered for a moment that we would be showing good sense or gaining any general advantages if we depreciated or devalued our dollar too.

It was not supposed that, because other countries were suffering the evils and disturbances arising from such currencies, we could help ourselves or them by joining them in their miseries. Instead, we regarded our unchanged standard dollar as a factor of stability in a world badly shaken by monetary instability. We thought we knew that the most basic requisite of a good monetary standard was the maintenance of a fixed standard unit. And we were quite right in our beliefs and monetary policy.

The Prime Requirement

The maintenance of the fixity in our standard monetary unit is indeed the prime requirement if we are to have a good monetary standard. Along with that should, of course, exist redeemability of all non-standard currency in terms of the standard money; otherwise, the substitutes employed in the interests of convenience and economy cannot function properly, and they become dishonest in nature and a disruptive element in the national economy. Fixity in the stand-

ard monetary unit, like fixity in any unit of measurement, is a virtue regardless of whether the monetary units of other countries are fixed or are undergoing change.

The notion, that if the currencies of other countries depreciated and their standard monetary units were devalued we would be at a disadvantage unless we joined them in their misfortunes, seems to have taken hold in this country in 1932-1934, and apparently somewhat earlier abroad. Its ready acceptance in the United States appears to have arisen chiefly from the desire of our Government to manipulate our currency and from the efforts of export interests to obtain the "gains" which they assumed they would realize if our currency were depreciated and devalued.

The Campaign of the Thirties

The highly organized drive of The Committee-for-the-Nation, heavily loaded with representatives of export interests, for depreciation and devaluation of our dollar in 1932-1934, was the chief manifestation of the efforts of exporters to offset the disadvantages we were supposed to suffer if we did not depreciate and devalue our currency too. The logical converse supposition that our importers would suffer if exporters were to gain was in general ignored as were various other unfortunate consequences that could be expected to flow from the cheapening of our standard monetary unit.

Another noteworthy and disconcerting aspect of our adherence to the false notion that if other currencies were depreciated we should depreciate ours too is that today, with the same belief being so widely and frequently expressed, we do not seem to have examined carefully whether or not we gained the supposed benefits that were to come to us from our depreciation of our dollar in 1933 and its devaluation in 1934. The common contention was that our exports would be stimulated and our imports restricted. What are the facts?

Fortunately, from the point of view of providing an illustration of the real monetary principle involved, exports and imports, following devaluation and up to their respective

In this room at the Bureau of Engraving and Printing, Washington, D. C., sheets of currency are examined and counted



peaks in 1937 before the recession of 1937-1938, show records precisely the opposite of what it was so confidently alleged in those days—and again today—would be the results. Imports expanded more than exports.

Exports increased from \$163-million in February 1934, to a high of \$333-million in October 1937, an increase of 104 percent. Imports increased from \$133-million in February 1934, to a high of \$307-million in March 1937, an increase of 131 percent. The implications of those facts, and apparently the facts themselves, seem not to be generally understood today.

"Provided Other Things Remain Unchanged"

The important point, in so far as exports and imports are concerned, is that devaluation *may* provide some *temporary* stimulus to exports as against imports *provided other things remain unchanged*. It is necessary that the meaning of that proviso be understood; it is merely a device in a method of scientific analysis. It is a mistake to suppose that "other things remain the same." Indeed, that is what should not be expected. Changes in the forces of supply and demand begin to operate quickly after a devaluation. A multitude of correctives and counter reactions set in. There probably is no person living who can estimate with even approximate accuracy what the picture will be after a few months of adjustment. The nature, ramifications, and extent of these adjustments cannot be comprehended nor predicted with accuracy nor can the net results be summarized in any manner sufficiently precise to be helpful either in general or to a particular industry.

England's recent devaluation was followed quickly by nearly 30 other devaluations—revealing not only one type of response but also the great extent of the belief today in the desirability of, and necessity for, competitive devaluation. This response is merely one of an almost endless number of less obvious reactions that may be expected to follow those devaluations. Switzerland, it is encouraging to notice, did not succumb to the fallacious thinking which has been such a sorry commentary on the understanding and behavior of man in the field of monetary affairs in modern times and which characterized, surely, a considerable number of the officials of those countries that rushed into devaluation "to maintain their competitive position."

The Logic of the Situation

Another noteworthy aspect of the acceptance of the fallacy that competitive devaluation is desirable or necessary is the fact that there is general failure to consider the logic of the notion. If competitive devaluation is proper, then it follows that the nation that devalues most gains most. If other nations devalue at different rates, do we select the one that devalued most as the standard for our devaluation? If we do that, then the cheapest currency becomes the best, and the strongest currency becomes the worst and must be reduced to the level of the "best"! The absolute "best" would be the currency of no value. A nation with this "best" currency could import nothing and would give away its goods for nothing in return.

That is the basic logic of the matter of competitive devaluation, but we have not been willing to face it. Probably every respectable book on monetary principles has stated that no nation can grow wealthy by giving away in foreign exchange more than it receives in return; but the wisdom in this fundamental truth has been largely lost on us since late 1932.

(CONTINUED ON PAGE 98)

"Natural Gold"

WANT to pay a premium of nearly a third for the novel privilege of buying, holding, admiring, showing your friends and even hoarding your very own gold?

If you want to you can. It is perfectly legal, just as is asserted in the advertising of the promoters of "natural gold." This is gold in nugget, grain, or flake forms, without its impurities removed, and often is called "flake gold." You can sink a couple of thousand into a contract for "natural gold." Or you can buy a "gift package" for \$100. If you are seeing bogeymen in the economic closet, you can sink a couple of million into this form of gold—if you've got it.

Such a thing is legal for the present, even if its wisdom is questioned by some. It is legal because the regulations issued under the Gold Reserve Act of 1934 expressly exempt "gold in its natural state" from the restrictions against private ownership of gold without a license.

The tenor of these regulations is pitched at guaranteeing the Government of the United States a monopoly of the nation's stock of monetary gold or of gold hoarded for its own sake.

Under these regulations, conditions are prescribed in complex detail, under which gold may be held in private hands. The central purpose of these regulations is to restrict the private use of gold in the U. S. to the legitimate uses of industry and the arts, or, conversely, to prevent the diversion of gold from the legitimate channels of industry and the arts into private ownership. The idea is to make it comparatively easy to get gold for a filling for a tooth, a casing for a watch, or a piece of jewelry, without letting the metal slip out into private hoards.

The gold which is sold as "natural gold" is in a form which requires further processing before it is useful for the arts or industry. You couldn't, without further refining, stamp it into any kind of coin or bars of uniform and unchallenged fineness (one of the basic requisites for its acceptance as money). The minute you tried to have it refined so that it could serve as gold has served through the ages, you would run afoul of the regulations under the Gold Reserve Act of 1934.

Finally, the natural gold is not pretty and lustrous, like the refined metal.

One of gold's greatest utilities as money has been its uniform and guaranteed fineness, which was accepted so long as governments attested to its uniformity and quality by stamping it as coins—and so long as people felt confident that their governments or their kings were not monkeying with the content and chiseling a "profit."

Sellers of natural gold have tried to restore to their product some of the attributes of gold money or bar stock. Even though the flake gold has not the pretty shiny color of coins, they engage reputable assayers to check and certify the gold content of the packages. One package may run to 800 fineness gold. Another may run to 850, and still others, in any range between.

However, the assayers certify the estimated content of the gold in each package. Their assay certificate is enclosed in the sealed container, as well as attached outside, for all to see.

So by assaying and packaging the natural gold in containers, the vendors thereof are trying to restore some of the uniformity, guaranteed quantity and quality, which are prime attributes of gold. They are also doing more. They are trying to grope toward these attributes of monetary gold without at the same time running afoul of the regulations strictly designed, originally, to prevent hoarding.



PHOTOS FOR BANKING BY WEINAN & LESTER

President and Mrs. Peterson

Meet President Peterson

*Chairman of the First National Bank and Trust Company
of Paterson, N. J., Is a Practicing Optimist*

WHEN Pete of Pat says things like "challenges are opportunities" and "the history of the banking business is a record of men who turned problems into projects," he is not simply putting words together. He is expressing sentiments deeply rooted in the American way of life.

Farlington, Kansas, is in Crawford County, in the southeastern corner of the state, just a few bends in the road and a couple of creeks from the Oklahoma border on the south and Missouri on the east. The population was only about 250 at the time the future president of the American Bankers Association was born there and even with his leaving the population today is still about 250. Pete was born at one of the four corners of the town, just across the

street from a building where his father operated a mercantile and grain elevator business. The area around Farlington was then and is now completely agricultural, with grain and livestock as the principal products.

When it came time to go to high school he went to Girard, a few miles away but still in Crawford County, where his uncle, W. M. Brizendine, was cashier of the State Bank of Girard. Pittsburg, the Crawford County seat, is just a few miles away and Fort Scott about 20 miles to the north.

In those days, and for some time after, F. Raymond Peterson was simply Ray Peterson. The addition of the "F" for Frank occurred at about the time he first became a national bank examiner. On his application blank he was

asked to put down his full name, which he did, only to find himself recorded as Frank R. Peterson. Of course, nobody had ever heard of Frank Peterson so he compromised the situation and settled for an "F" plus Raymond.

Pete actually began his banking career in the State Bank of Girard while he was still in high school. His uncle put him to work at odd jobs ranging all the way from balancing passbooks to cleaning up the place.

From 1917 to 1919 he served as an officer in the Finance Department of the U. S. Army. He had always been interested in the examination of banks and had watched and observed this type of work closely, so it was simply in the course of human events that he became

(CONTINUED ON PAGE 102)

The First National's board of directors is made up of a group of outstanding business men from the communities the institution serves



The mortgage department

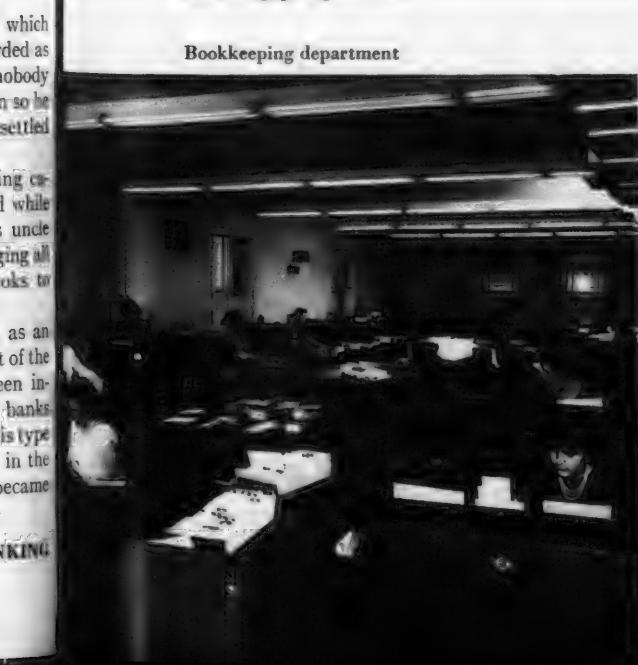


Bookkeeping department



Consumer credit department

Transit department





The Defense Committee of the North Atlantic Pact nations at Arlington where they placed wreaths at the tomb of the Unknown Soldier

Congress Studies Money and Banking

LAWRENCE STAFFORD

IN the near future a monetary study is slated to get under way, complete with public hearings and the prospect of a substantial element of public, business, and banker attention.

This will be the nearest thing to a congressional monetary study in perhaps 40 years. Congress, however, has skirted the fringes of broad monetary problems, particularly when considering Federal Reserve Board proposals of the last few years to empower the Board to call into being the special or secondary reserve, or the later plan to segregate from the banking system still higher conventional reserves.

Public hearings will be conducted by a subcommittee of the Congressional Joint Committee on the Economic Report.

This session of Congress authorized the JEC to make the monetary study, as well as a study of the flow of investments, the problems of low income families in relation to economic stability, and unemployment trends.

It is the purpose of the monetary study, in brief, to examine the effectiveness and coordination of monetary, credit, and fiscal policies dealing with general economic policy. This scope is broad. It is virtually without limit. The subcommittee on the monetary study can go into any monetary subject it chooses to, including such detailed questions as the relationship of Federal bank supervisory agencies to one another.

This subcommittee is part of the larger Joint Economic Committee, which had a curious political origin.

For years certain schools of "planners" urged the Congress to shoulder explicitly the burden of maintaining full employment through a device under which the President would annually "budget" estimated national expenditures, savings, employment, and so on, as distinguished from the conventional Government budget, a purely fiscal affair. Should there be a prospect of substantial unemployment, then the Government was supposed to take steps necessary to reduce it and, if possible, forestall joblessness.

Congress refused to write into statutory law such a firm, indefinite, and sweeping commitment. Instead in 1946 it passed a bill titled "Full Employment Act," which created the Council of Economic Advisers to the President. This council advises the President currently on the condition and prospective condition of the economy. It also assists the President to draft his annual "Economic Report" to the Congress. In this report the President is supposed to advise Congress of those programs within the realm of Government powers which should be followed to maintain national economic stability and prosperity.

Hence the residue of a drive for a Government commitment to maintain stability was the creation of an economic "brain trust" to advise on how best to maintain stability.

Almost concurrently the Congress itself was considering

a whole package of proposals designed to change its own machinery, proposals spawned largely by college men with a view detached from the daily pressure of politics, about how best to reorganize the Congress for its own efficiency.

One of the mechanisms it proposed was a special committee to receive, digest, analyze, and evaluate the President's Economic Report. So the Congressional Joint Committee was created for this express purpose, and for another seemingly important purpose.

It was to be the job of the JEC to break the recommendations in the President's report, as approved or modified by the Joint Economic Committee, into their several legislative parts, and recommend them for action to the appropriate committees with jurisdiction to handle the legislation.

Hence, if maintenance of economic stability were thought likely to be promoted by a change in tax rates, then the JEC was supposed to recommend the kind of tax legislation required to the taxing committees of Congress. If economic stability required a change in policies respecting government spending, then the JEC presumably would recommend expenditure policies to the appropriations committees.

And should the monetary subcommittee incidentally come up with any extensive, specific recommendations as a result of its hearings and study, it would have to persuade any or all of three or four other committees to agree to its ideas, before its recommendations could lead to the start of action. Thus, for instance, if it should adopt the Federal Reserve idea of partial control of the reserves of non-member banks, the monetary subcommittee could not see this even begin to be brought about unless the banking committees of both houses of Congress also thought it was a good idea and made such a legislative project their own.

Present Status of JEC

In actual operation, the Congressional Joint Committee on the Economic Report has come to have only a minor influence in legislative affairs, as a committee. What influence it has had has been the influence of its members separately as members of other, and legislative committees.

The proposed central function of the JEC of recommending broad measures to promote economic stability, in practice has also proved to have failed to develop. Democratic members, for instance, have tended to write majority reports backing the economic programs of their President, while Republicans have taken a tone of opposition, and have written reports bearing out somewhat generally their party's policy respecting legislation on the Government's relations to business.

Hence the committee has not begun to perform the job inherently assigned to it, of making a detached, purely economic, "scientific" approach to legislative measures designed to promote the nation's economic stability.

It has been found that legislative committees are jealous of their jurisdictions and prerogatives. Recommendations from the JEC would not be taken and adopted by these legislative committees. The idea of an over-riding group of economic planning legislators has proved to be impractical in an exceedingly pragmatic political atmosphere. Finally, no legislative machinery as such, designed to make Congress operate along theoretical economic planning lines, can force a Congress which for the most part is hostile to that viewpoint, to drop its traditional political approaches and follow a new and veritably revolutionary route in reaching decisions.

An Economic Forum

So the JEC has largely become a place, an occasion, and a forum for discussing economic problems, like the pending monetary study-subjects with a vast compass and wide area.

Although most people in this capital city regard the Joint Economic Committee as an impractical vestige of a theoretical plan, it is not so regarded by leading staff members of the JEC. On the contrary, they take economic planning with utmost seriousness. For the most part men trained in a sound academic background, they regard their jobs as opportunities to try to "sell" Congress those cooperative Government-business courses of action which can, they

(CONTINUED ON PAGE 112)

Staff experts of the Congressional Joint Committee on the Economic Report examine returns from the questionnaire sent out by the Monetary Subcommittee to provide information for the questioning of witnesses at public hearings in the monetary study. Left to right, Grover W. Ensley, associate staff director; Theodore J. Krops, staff director; and Lester V. Chandler, Amherst professor and staff member in charge of the study. Dr. Chandler framed the questionnaire which inquired into possible improvements in the Government's mechanisms for monetary management, bank supervision, and fiscal management.



The Adventures of "MUST B. READ"

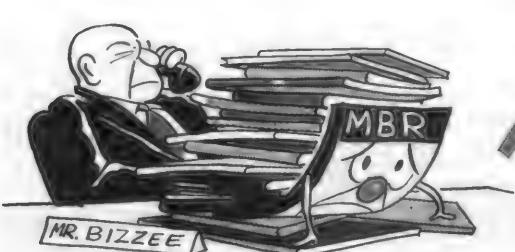
Drawings by DICK ERICSON



The producers of *Must Be Read* inspect, affectionately and with high hopes, this piece of Vital Reading Matter. Yes, it's a bright baby—one to be proud of



On his way to Joe Bizzee, MBR should be happy but begins to look a bit anxious. What's going to happen?



Here's MBR buried on Joe's desk. The little fellow is really worried now. Did he go through that big printing press just for this?



Things are beginning to look tough for MBR. Busy Joe just can't find the time even to skim through the pages



Well, this is better! MBR, safely pocketed, is going out for lunch with his new owner. Maybe he'll get looked at between the soup and entrée



False alarm! Three days later MBR, a bit dog-eared, is back on that pile. This time, however, he's on top, so . . . well, let's hope



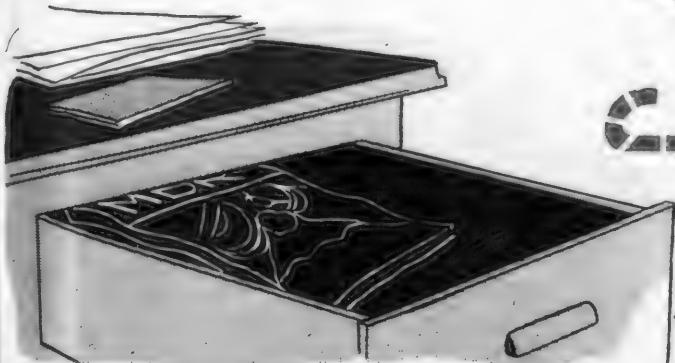
Sure enough! When Joe leaves the office that afternoon he takes MBR home. "I'll read this after dinner," he promises himself



Met at the station by his wife, Joe tosses MBR to the back seat



Well, Joe's intentions were good. He really did start to read, but . . . you know how it is!



So let's end this tragedy. The next day MBR finds himself in a dark drawer full of other unread magazines. Joe will never know how his life and thinking might have been changed



DEVANT

In the Wake of Devaluation

HERBERT BRATTER

WHENEVER foreign traders get together nowadays they discover that the future still holds plenty of uncertainties. Now that there has been substantial and widespread devaluation of foreign currencies, will there really be a big jump in American imports? Will devaluation mean a greater cut in purchases from the U.S.A. than those produced by import and exchange controls? Must American export prices be cut, as many foreign customers have been demanding, to enable sales to go on?

One element in the world trade picture still predictable, but only in terms of months, is the ECA program. It took many months to get the second year's appropriation through the Congress. Already plans are being made for the third year's appropriation. If that appropriation depended on U. S. satisfaction with European cooperation and self-help, it would never be passed. Fortunately, from Europe's viewpoint, there still looms the menace of world communism, fortified now with the atom weapon. Whether any amount of cooperation in Western Europe can withstand that military threat from the East is a new subject for speculation.

Also, fortunately, there is America's capacity to outproduce other countries, coupled with an incapacity to distribute its surpluses at home. In the words of Nehru, India's leader now visiting a Russia-worried United States, "the wealthiest and most powerful country in the world becomes dependent on other countries absorbing its surplus production."

Across the front pages flits such news as political seething in France, a fast-resurgent Germany causing High Commissioner McCloy uneasiness, Swiss skepticism over devaluation's benefits in Europe, Dutch criticism of the World Fund, discriminatory trade announcements.

SECRETARY OF COMMERCE SAWYER

"Fear is always something to be reckoned with in the business picture," Secretary of Commerce Charles Sawyer told the writer during a recent Saturday morning interview in his office in the Commerce Department. The Secretary had just returned from one of his frequent field trips to sound out businessmen's opinions, and was preparing for another one. "I feel as confident as I

did in December about the business outlook," the Ohio Cabinet member stated. "But if strikes continue, we'll be in a bad situation."

The atom bomb is another fear which has left its mark on business here in recent weeks, as has the widespread devaluation of foreign currencies, according to Mr. Sawyer. Businessmen delay investments; housewives delay purchases.

While the over-all effects of devaluations abroad won't be felt for some time, Mr. Sawyer observes, the changes disquiet people. "They're just afraid there will be some bad effects. Whether devaluations abroad really stimulate American imports depends on how well the countries concerned keep their prices down. Even so, it's hard for me to see how any automobile manufacturers in foreign countries can even make a dent in the American automotive market. Non-competitive raw materials are another matter—copper, lead and zinc, for instance. The long-term effect will be substantial, but any alarm as to an immediate 'disastrous' effect is not well founded," the Secretary said.

Our export market, of course, is
(CONTINUED ON PAGE 117)

Bank Staffs Can Be Fact-Finders

ROBERT J. BERKIN

MR. BERKIN is the advertising director of the Roosevelt Savings Bank, Brooklyn, New York. His background in research stems from experience in the Army during the last war, including a period as a captain in the office of the Quartermaster General.

In the past 15 years many important changes have taken place in our concept of business management. One of these has been the increased acceptance by businessmen of research as a fact-finding tool. They have found that to make sound decisions and plan ahead requires facts and figures in addition to experience and knowledge. On the basis of facts, discovered through scientific research methods, it has been found that knotty problems become easy, that waste is eliminated, that more advantageous use of capital can be made, and that better planning is possible.

Market research, by answering the question of who buys what, when, where, how and how often—facts about people and places, facts about trends and times—has indicated to many concerns how their advertising appropriation should be spent. Witness the case of one large vitamin manufacturer who sponsored a radio program featuring a well-known crooner beloved by the bobby-sox crowd. A market research study showed that the product was being bought largely by people over 35 years of age. Clearly, the money spent on the radio program was just being thrown away. In other cases where studies have indicated that the principal purchasers of the product are women, every effort is made today to design a package that will appeal to the feminine eye, and advertising copy is slanted for the female purchaser. Audience reaction sessions are every day showing how radio programs, movies and even legitimate stage shows can be improved. The hunch has been replaced by facts.

These applications of research while taken for granted by business in general, have been neglected by the great majority of banks.

Why have banks been reluctant to use this tool of research which has proved so valuable to business in general? The answer lies chiefly in the expense involved. In 1938, \$4½-million was spent on market research. In 1948 the amount had increased 10-fold. To make a thorough research study costs money—more than most banks are willing to spend!

Yet, the principal cost of any survey is an item that can easily be done by the average bank with its own personnel. Bank tellers can be fact-finders. They can do the field work which otherwise would cost several hundred dollars per day. By scheduling the survey so that it can be done during a slack period, it should be possible to spare enough men from their regular duties to enable them to do the necessary interviewing. Of course, they will have to be trained in the desired manner of introducing themselves and phrasing the questions—this is a job for the survey director, who, incidentally, must have "know-how" plus plenty of practical experience. It will be found that most bank tellers, because of customer relations training, have the qualifications.

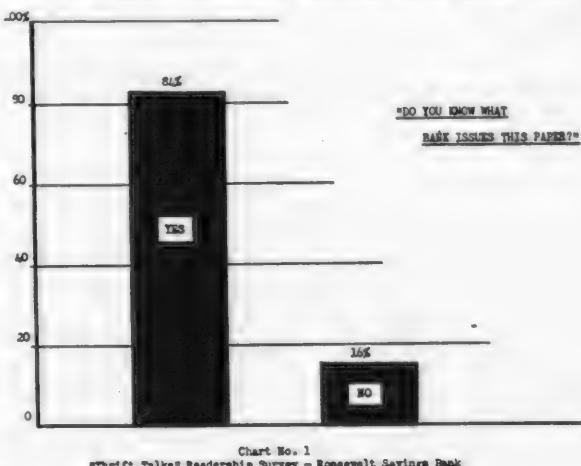
Here is how such a survey was handled by our bank. The problem was to determine the extent of readership enjoyed by an external house organ published monthly by our bank for the past 27 years. In addition, we decided to make a recognition test, check on the effectiveness of our door-to-door distribution service, and find out the readers' opinions of the publication. Truly, a big order.

We selected an area in which 22,000 *Thrift Talks* are distributed from door to door. The controlled random sampling method was used. The number of blocks in the area was carefully counted and a quota of interviews assigned to each block. Only two "control factors" were used—sex and race. Slightly more women were interviewed than men, because, as we know (and Dr. Bussing's recent report verified), women, in the majority of cases, do the banking for the family. The percentage of Negro respondents was in approximately the same proportion as Negroes to whites in Brooklyn. Each person interviewed, therefore, had statistical counterparts who had the same likes and dislikes as the person interviewed. A sample of this kind has the same characteristics, in the same proportion, as the entire population. Representatives of the sample, rather than its size, is the important point.*

The size of the sample was next decided. Authorities agree that a 3-5 percent sample is adequate. Up to that point there will be fluctuations in the returns; beyond that point

(CONTINUED ON PAGE 122)

"Eighty-four percent of those interviewed recognized our publication and correctly named our institution as the issuing bank"



* The Literary Digest experience is still well remembered. The magazine polled more than two million homes and predicted that Landon would go to the White House. At the same time, Roper correctly predicted the Roosevelt victory on the basis of only 4,500 interviews. The Digest had polled only people listed in phone books, thus overlooking the great masses of people who could not afford telephones. Roper had interviewed a representative sample.

METHODS and IDEAS

This department is edited by JOHN L. COOLEY of BANKING'S staff.

Kiddie Korner

THE former IRVINGTON (New Jersey) NATIONAL BANK (now a branch of the Fidelity Union Trust Company of Newark) decided that the simplest way to solve a customer relations problem was to ask the customers.

When the bank installed a Kiddie Korner for the safe keeping of toddlers while their mothers were transacting business, everybody seemed happy. Behind the polished palings fencing off their domain the youngsters could scribble and read to their hearts' content, until called for. That pleased the mothers. Also, the baby sanctuary meant no more upsetting of inkwells or wastebaskets in the lobby by venturesome infants. That pleased the bank.

However, a difficulty arose: the kiddies caught their fingers in the Kiddie Korner gate. Removing the portal didn't solve the problem; it was just an invitation for the little folks to resume their explorations. So the gate was replaced and nailed tight. Finger-pinching ceased to be a hazard, the A.W.O.L. list disappeared—but the mothers had to lift their children over the fence.

This slight complication in entry and exit caused the bank some concern, so it decided to present the problem directly to the mothers. Ballots were prepared, setting forth the situation and asking a vote on the question: Should the entrance to the Korner be open or sealed?

The ballot was an appealing piece of mimeographing. With three clever sketches and a bit of copy, it set forth the problem and provided space for the vote.

The decision was almost unanimous: Keep the kiddies fenced in. They are.

Tuition Loans

Shortly before the opening of school the SOUTH SHORE TRUST COMPANY of Rockville Centre, New York, published a timely display ad in the local newspaper.

Said the copy: "Money available for

"Now be quiet
until mother gets
back"



tuition at low bank cost. Repayable in convenient instalments. You are *not* required to be a depositor to avail yourself of these facilities. Twenty-four hour service. No co-makers. No extra fees."

Service Guide

THE FEDERAL NATIONAL BANK of Shawnee, Oklahoma, is distributing a folder that describes briefly and readably a number of its services.

Offered as "a handy guide to the many ways your bank can serve you," the folder presents in thumbnail form the bank's facilities for loans, collections, clockround depository service, bank checks, savings accounts, travelers checks, safe deposit, "drive-by" banking, and trust services. Half a dozen small drawings and two-color printing brighten the pages.

"If you like banking with us," the bank tells its customers, "won't you pass this on to a friend or neighbor with your recommendation?"

Helping the Community

THE BANK OF ASHEVILLE, Asheville, North Carolina, has been publishing a series of newspaper advertisements about the community's advancement.

One piece of copy paid tribute to the strong leadership provided by the local chamber of commerce, which recently launched a threefold program to de-

velop industrial enterprises, increase agricultural resources, and create a cultural center. "Sound financing," said the ad, "is an integral part of the master pattern for community growth. Alert to the thinking of those who have the vision for long range plans and the determination to carry out those plans, the Bank of Asheville offers a financial service keyed to the quickened tempo of the community's bold and resolute leadership—and it moves forward with sound policies geared to meet the demands of new growth, of expanding facilities, of fresh opportunities."

Bank Sponsors Ad-Writing Contest

THE LEE COUNTY BANK of Fort Myers, Florida, is offering \$850 in prizes for the best newspaper advertisement on savings accounts written by an amateur in its area.

The contest closes December 15 and the prizes will be awarded Christmas Eve. First award is \$500, second \$150, third \$100, fourth \$50, followed by 10 prizes of \$5 each. Any person who "does not receive payment for work in connection with advertising" is eligible, except employees of the bank and of the Fort Myers *News-Press* and their immediate families.

All advertisements must be laid out in half-page size. Dummy sheets are

furnished by the bank and the paper. At the end of the contest all entries will be displayed in the bank's lobby and those winning, the first four prizes will be published in the *News-Press* during January.

Announcement of the contest was made in an attention-getting ad directed particularly at young people. The copy featured Gilmer Whidden, who joined the bank's staff after graduation from high school last year. He was quoted as saying:

"Many of my friends in the Lee County schools are clever, and could probably write better advertisements

than we can here at the bank. I would like to see some of them try. They could use the \$500 first prize toward college or to help get established in a business career."

As recently reported in **BANKING**, the bank has a job each year for a faculty-selected senior interested in a banking career. Gilmer is the 1949 senior thus chosen. Thus the contest was tied in with an important part of this bank's active school relations program.

Principals and teachers in Lee County were urged by School Superintendent Charlie Bevis to encourage pupils to enter the competition.

"We feel," said Mr. Bevis in a letter, "that this is a wonderful opportunity for our teachers to encourage literary work, and urge that each student be permitted to participate under the supervision of their teachers and parents."

"This Is Money"

That's the key line in a series of advertisements used by the **FIDELITY-PHILADELPHIA TRUST COMPANY**, Philadelphia, to promote its commercial loan business.

Appearing once a week in two news-
(CONTINUED ON PAGE 94)



Getting Ready for Christmas



At this time of year banks are beginning their plans for the observance of Christmas. Special decorations, musical programs in which staff and customers participate, parties and gifts for underprivileged children—these and many other carefully ar-

ranged events help spread through a community the good cheer of the Yuletide season.

The pictures below provide a sampling of bank Holiday activities last year.

Right, the window display of the Garden State National Bank of Teaneck, New Jersey, which won first prize in the 1948 Christmas decoration contest sponsored by the local chamber of commerce. A savings passbook was inserted in the top of each stocking



Choristers from St. Thomas Episcopal Church sang a program of carols at the main office of the Title Guarantee and Trust Company of New York a few days before Christmas last year



Below, carol singing at the Lebanon (Pennsylvania) National Bank last year, led by the chorus of Lebanon Catholic High School





This, the fifth in Dr. CROCKER'S series of articles, deals with actual delivery of the speech. Previous articles have discussed the problems of finding the right subject, of developing ideas, of organizing the speech, and of getting and keeping the audience's attention. The author is head of the Department of Speech, Denison University, Granville, Ohio.

THE speech, unlike the essay, has to be delivered in person. The audience wants to see and hear you. You may take one of four ways of delivering your speech, or you may take a combination of them:

- (1) Speak from memory.
- (2) Read the manuscript.
- (3) Speak from notes.
- (4) Speak extemporaneously without notes.

(1) *Speak from memory.* This method has long been used. It has the advantage of permitting the speaker to say exactly what he had in mind. The style can be almost perfect for it is the result of much premeditation. But for a busy man this type of speaking is almost impossible and involves too much time and labor. There may be parts of the speech that you will care to memorize, but you set too great a task for yourself to attempt to memorize every word of your speech. You run the hazard of forgetting. You are likely to speak as if you were looking within your mind for the next word rather than speaking to impress the audience with your thought. Memory is important in speaking but I would advise against trying to memorize every word.

(2) *Read the manuscript.* For the professional man this type of speaking is very useful. But where are the speakers who can read well? Readers who can make the written page come to life? The average reader stumbles and bumbles along, oblivious to the needs of his audience. The average audience hates the manuscript. The personality of the speaker has no chance to assert itself. Most speakers commit the error of dictating the speech to a secretary and then, without looking at it again, get up and try to read what they composed days or weeks ago. The result is like a warmed over meal. The zing has gone. If you are going to read, go over your manuscript every day so that you know what thought, not what word, is coming next. Get acquainted

Mr. Chairman, Ladies and Gentlemen—

LIONEL CROCKER

with your ideas so that your eyes do not get tangled up with the words. If possible, be able to speak with only occasionally looking at the manuscript. An audience likes eye-to-eye contact with the speaker.

(3) *Speak from notes.* This is probably the most common form of speaking. It insures against getting lost and it provides against riding a thought that occurs to one on the platform to the exclusion of what has been prepared, thus destroying the essential unity of the address. But do not make your notes too detailed. Key words should suffice. Be so well prepared that a word will be sufficient to recall the thought.

(4) *Speak extemporaneously.* This is the way I would advise anyone to practice and perfect. If one could memorize the notes that he would carry to the platform, so that he knows where he is going, then he can give his undivided attention to the implanting of his ideas on the audience. Nothing will stand between the personality of the speaker and the audience. There is a lot of solid advice in this:

There are three things to aim at in public speaking: first, to get into your subject, then to get your subject into yourself, and lastly, to get your subject into your hearers.

Anything that stops these three processes from working is detrimental to effective speaking.

About Yourself

Your stance. Lack of confidence is suggested in the speaker who does not know how to stand up before an audience. Don't slouch. Don't crouch. Don't lean on the desk. Don't stand on one foot. Don't rock on the sides of your shoes. Don't do a heel and toe dance. Practice standing up in your room. Feel both feet on the floor. Stance is important in golf; it is equally important in public speaking.

Your voice. The average voice can be heard in any auditorium. Don't strain. Don't shout. Speak in a natural conversational tone. If you keep your rate natural, you will be able to get changes of pace to help you in your attempt to convey your feeling about the matter in hand. Slow down. But speaking too slowly is just as bad as speaking too fast. Get rid of the *ers, ohs, and ahs.*

Keep your pitch down. Most of us get nervous and start speaking at a higher pitch than we need. Learn how to control your voice before an audience. Drop the inflections of the voice in order to get more meaning into the syllables. Inflect every syllable. Don't sing. Don't fall into patterns of speech cadence, up and down in the same time regardless of the meaning you are trying to put across. Such a sing-song lacks emphasis. An audience wants to know what you think

(CONTINUED ON PAGE 105)

How to Sharpen Operations

FORDE STEELE

MR. STEELE is assistant cashier, Central National Bank of Cleveland. He contributed "Training Employees on Specific Jobs" to the March issue of BANKING.

BANK clerks often receive less appreciation than they deserve. They have an almost unlimited ability to accomplish their work regardless of the conditions prevailing in their organization and notwithstanding the nature of equipment provided for their use. Under conditions that would often put to shame the rigors experienced by the early American settlers, the American bank clerk has accomplished wonders. He has managed to digest and survive the changes which have enabled him to increase his national production, insofar as check handling is concerned, from a volume of \$52-billion in 1887, to \$788-billion in 1948. The processing of such a tremendous volume of checks is indeed a modern miracle.

As indicated by the above figures, it is obvious that the work performed in banks has increased many times in the past 60 years. To meet this increase in volume, systems, procedures and equipment have too often been changed in the light of immediate expediency. Far too often the requirements of a few years beyond the point of decision were left unconsidered.

Have the systems and procedures in your bank "just growed," like Topsy? Or have they been planned for tomorrow as well as for today. Are the employees in your bank struggling with inadequate equipment? Or if equipment has been purchased, was it just to meet current needs or has its application been so well studied that future expansion is either provided for or so set up that it can be accomplished with relative ease?

IF METHODS and equipment have not been adequately planned, it is not necessarily a reflection on the people who were making the decisions—they were burdened with a hundred other requirements of daily routine. They did not have the time and management did not believe it necessary for them to take the time to plan effectively.

It has been said that the difference between a successful banker and an unsuccessful one often lies in his ability to analyze not only the direct factors, but also the fringe elements. Too often operations have been laid out with consideration restricted to immediate direct factors.

This is not to indicate that a system can be planned for all time so that it never need be changed. In fact, one prominent bank man of the writer's acquaintance has made the statement that if a system is in effect for 10 years without change it should be subjected to immediate and thorough scrutiny, because in 10 years' time some better way of performing the operation must have been developed. On the other hand, it is possible to plan so that future improvements in equipment and increases in volume can be provided for with a minimum of expense and effort.

SOME of the larger banks have recognized the value of the methods planning function by establishing separate departments to concentrate on improving systems, procedures and mechanical equipment. While there is an obvious advantage in this setup, in that the people so designated are not required to spend most of their time solving immediate problems of daily operation, there is no good or logical reason why every bank cannot plan its operations and methods and save time and money. In fact, every banker does some planning every day of his life.

The tendency to think in terms of today's problems only, and even to permit the ties of yesterday to interfere with progress, is well illustrated by an occurrence which took place in my own bank. In 1910, when my bank had total footings of but \$6-million, a man who has since reached retirement age as an officer, was the receiving teller. The bank was then 20 years old. The regular hours were 7:00 A.M. to 6:00 P.M., if everyone balanced, and, if not, supper money was 50 cents. Every item processed in the bank cleared through the receiving teller's proof, and if any one person happened to make an error, it was necessary to check all the work which passed through the bank that day.

This receiving teller got tired of working until 7, 8 or 9 o'clock practically every night, so he proposed that the bank adopt the batch system, which was gaining in popularity at that time. His boss, the cashier and the man who installed the system which had proved so inadequate, refused to consider such a new fangled idea.

Finally, in desperation, the receiving teller installed a batch system and a simple central proof in violation of his boss's orders. For three weeks he managed to keep it quiet, but then came the fateful day when the new system was discovered. The cashier fired the receiving teller on the spot, and only the countermanding of the order by the president kept the daring young teller on the job—and even then only on the condition that if his new system didn't prove itself completely within 30 days, he would voluntarily leave the bank.

We all know that the batch system and central proof did prove themselves and that before the day of the proof machine they were the only things which enabled banks to handle an ever-increasing volume of work efficiently. However, it took a lot of courage to sell the idea in this particular instance. Today bank management, for the most part, is ready and willing to accept worth-while ideas, but it often requires a large measure of courage to develop, promote and defend improved methods.

It's a pretty good bet that if the receiving teller in the above illustration had been able to take a course in Job Methods Training, such as is now available through the American Institute of Banking, he would have been able to sell his new batch system with much less trouble and greater personal satisfaction. This plan for improving methods is so complete and so well outlined that anyone who has a good background of banking knowledge can plan for improved methods and equipment.

Job Methods Training was originally developed by the War Manpower Commission as a part of its Training Within Industry program.

Robert Rutherford, associate secretary of the American Institute of Banking, has been the prime mover in

(CONTINUED ON PAGE 120)

5-Year Survey of A.I.B. Curriculum

MARY B. LEACH

ABOUT 40 chapter leaders and instructors from Wilmington, Baltimore, and Washington chapters of the American Institute of Banking attended the first of seven Institute regional faculty conferences in Baltimore early in October. Similar conferences either have been or will be held this fall in Hartford, Oklahoma City, Orlando, Raleigh, San Antonio, and Denver.

The Institute has over 1,200 instructors and hundreds of special lecturers scattered throughout the country in the cities and towns where classes are conducted. In 1946 it resumed holding regional conferences as a means of keeping its teaching staff abreast of the latest developments in teaching techniques, assisting instructors in solving their classroom problems, and getting their suggestions on how the A.I.B. can improve its curriculum and lend greater assistance to the faculty.

The Institute was founded in 1900 and began offering correspondence courses in 1901. Since then its curriculum has undergone an almost continuous evolution, and enters this, its 50th anniversary year, with 19 courses in its prestandard, standard, and graduate certificate groups.

Five-Year Study of Curriculum

An innovation of the Baltimore conference was the launching of a five-year research program to determine the effectiveness of the Institute's curriculum. This was done at an informal morning meeting of senior bankers from the



A group at the senior banker meeting. *Left to right*, Mr. Lewis; James G. Renshaw, Equitable Trust Co., Baltimore; John P. White, Jr., Western National Bank, Baltimore; Hartwell F. Taylor, Bank of Virginia, Richmond, and the A.I.B.'s national president; Harvey E. Emmart, Baltimore National Bank; Frank A. Gunther, Security Savings and Commercial Bank, Washington; and J. R. Fitzpatrick, Second National Bank, Washington

participating chapters. Bank presidents in this territory had been invited to send representatives to this session by Leroy Lewis, the A.I.B.'s national educational director, to offer suggestions on how the Institute might expand its teaching program in new areas, strengthen its present curriculum, or do a better teaching job. Similar meetings with senior bankers are a part of each of the other six faculty conferences in this series.

Ideas for Improvement

During the two-hour informal discussions a number of suggestions were dropped in the hopper and debated pro and con. Some of these grew out of local needs and were not considered necessary by bankers from other cities. Among the ideas for expanding the

Institute's curriculum were these: (1) A secretarial training course; (2) a training program for tellers and bookkeepers which would bring the instruction into the bank and use visual aids to illustrate good public relations techniques; (3) a prestandard course or expansion of "Fundamentals of Banking" to include public relations and bank ethics; and (4) a course designed for senior clerks who may have obtained their standard certificates a number of years ago and who are growing stale on the job.

Educational Director Lewis said that top level advisers on A.I.B. curricular activities were uncertain as to whether the Institute should expand its program from the more formal type of instruction and include uniform programs of training for specific functional jobs. He pointed out that the Institute already has something to offer the senior clerks in the graduate certificate group. Speaking of the emphasis on specialization, Mr. Lewis said the interest in graduate courses had increased tremendously in the last few years because of this emphasis and suggested that the chapters offer several graduate courses each year, even though there may be only 8 to 10 men in them. He said that the senior clerks might well take advantage of the opportunities offered by the Institute's graduate studies.

In answer to the question: "What courses should we recommend to col-
(CONTINUED ON PAGE 115)

Speakers on "The Institute's Teaching Job" at the afternoon faculty session. *Left to right*, Messrs. Rutherford, Neilan, Phillips, Wood, and Earnshaw



PHOTOS BY WIDE WORLD

Pension Funds Mean New Trust Business

EARL S. MACNEILL

Mr. MACNEILL is a vice-president of the Irving Trust Company, New York. This article is one in a series that he has written for BANKING.

TRUST institutions which are equipped to handle pension trust business should benefit substantially from the renewed impetus given to employees' retirement planning by the wide discussion lately of retirement pay as an element of bargaining between employers and employees. Recently the estimate was published that 5-million employees are now covered by about 10,000 systematic retirement plans. Obviously there are many millions of employees to be brought under privately maintained retirement security.

That the benefits of increased volume of retirement plan business will not be limited to the relatively few large institutions maintaining specialized departments for this type of business is revealed by a report of the Trust Division's Committee on Employees' Trusts, digested in *Present Day Banking 1948-1949* at p. 267 and reported more fully in the *Trust Bulletin* for June 1948. A questionnaire sent to the 2,850 members of the Trust Division disclosed that 347 trust institutions were administering a total of 3,109 employees' trusts. Of these, 1,202 were pension trusts utilizing life insurance or annuity contracts as investment media; 634 were pension trusts invested in securities; 158 pension trusts combined securities with insurance company contracts; there were 1,115 profit-sharing trusts. No breakdown was given, but it is inferable that the larger "invested" trusts were administered by the large specialist-institutions, whereas the "insured" trusts were scattered among the smaller.

"Pension Plans" Are Different

In considering the future, an important competitive factor must be regarded. The phrase "pension plan" is not synonymous with "pension trust." A pension plan may involve no trust whatever, but provide for retirement benefits through group annuities or through a device known as "deposit administration." As distinguished from the "insured" type of pension trust, wherein individual life insurance or annuity contracts are held by the trustee as the corpus of the trust fund, group annuities and deposit administration are matters of direct dealing with the insurance companies; the benefits are obtained through a contract rather than a trust.

As competitors, the insurance companies are formidable. Whereas the trust institutions are relatively localized in their activities, the insurance companies most prominent in the field deal through a network of agencies on a national scale, and vast resources of salesmanship are available to them. Nor would it be honest to deny the virtues of certainty inherent in the insurance company's contract.

On the other hand, there are bad as well as good points in the contractual arrangement. The purchase of a group

annuity, for example, is a completed purchase; and a retirement plan utilizing group annuities involves the annual purchase of annuities equal to the benefits accrued to each participating employee during the year according to the plan's formula. If a plan is modified—under pressure of bargaining or in the remedying of defects revealed by experience—what has been purchased must remain purchased, and adjustments to new formulas are awkward and costly. There is food for thought in the fact that the Ford plan contemplates trusteeship and that one of the conditions of the plan is that it is subject to review at the end of five years.

This highlights the greatest single virtue of the trusted plan: *flexibility*. When bargaining is renewed, whatever changes are determined upon can be effected by adjustments in the actuarial assumptions upon which the periodic contributions to the fund are based. No past purchases have to be set apart, as confusing appendages to a current program.

To institutions which may not aspire to such plans as Ford's, compensation may very well come in the thousands of plans which smaller units of industry will install, either as the direct result of union pressure or in anticipation of employees' demands. For little companies as well as big will need such plans, and, even more than the great organizations (with staffs of actuaries and pension specialists in their hire), they will need the counsel of their banks as to ways and means.

The Newer Insurance Plans

The life insurance companies are not always in competition with the trust institutions. Where the number of employees involved in a projected plan is insufficient to serve as a suitable base for group annuities or actuarially-tailored deposit administration, then they offer various types of life insurance and annuity contracts which, in order to obtain "qualification" for the plan under the law, must be held by a trustee. Originally, this type of funding involved a relatively high cost because of the high "loadings" incident to the forms of insurance contracts used. In recent years, leaders among the insurance companies have sponsored contracts realistically designed to meet pension needs. Thus, where formerly the contract generally in use provided life insurance benefits at the rate of \$1,000 for each \$10 of monthly benefit payable under the plan, now it is possible to obtain the desired pension benefits with life insurance expressed in the more modest terms of a year's to two years' salary. In many of the modern contracts the rate of cash surrender value accumulation is stepped up so that the cost of cancellations as the result of employee turnover is reduced. Selling costs have been cut, also. These and other improvements make individual contracts, deposited in trust, increasingly attractive for the smaller employers; and opportunities for the smaller trust institutions in the field of pension planning are correspondingly enhanced.



The Country Banker

E. L. Barstow, left, vice-president and field man of the State Bank of Barnum, watches as President Hanson shows off a few of the superior points of "Boulder Bridge Goldsider," first award winner in the Guernsey bull section at the 1948 Minnesota State Fair

From Ghost Town to Thriving Community

UP in Minnesota's famed Arrowhead Country, where the care and feeding of tourists and sportsmen is a major industry, you'll find a surprising number of fine farms and outstanding Guernsey herds. Ask a half dozen men in touch with the agricultural situation for the story of this farming development, and one name keeps appearing at regular intervals. It's that of H. C. Hanson, president of the State Bank of Barnum.

"Mr. Hanson is a marvel," declares Walter L. Beneditz, county agricultural agent at Carlton. "There probably isn't another man in the entire state so sincerely interested in the betterment of this area. Largely through his efforts, Carlton County has become a leading Guernsey center. Moreover, he has been instrumental in developing a major poultry and vegetable marketing section here."

Today, at 76, Mr. Hanson is setting a pace that would daunt a man 30 years younger. Up before 6 o'clock, he puts in a busy two hours assisting with the milking and other chores that go with a 44-cow herd of registered Guernseys. After breakfast he's off to Barnum where he puts in a seven-hour day directing the affairs of the State Bank of

HAROLD SEVERSON

Barnum. Then he returns to his home, his herd, and the chores that may keep him busy for two and often three hours. After dinner he often takes over a tractor and puts in an additional hour or two cultivating corn or assisting with the hay and grain harvest.

Banker-Farmer

"He's a man of iron," declares Mr. Beneditz, "but it's even more amazing to see the interest that he takes in community development. His desire to help promote the agricultural interests of the Barnum community is as keen as the day he arrived back in 1903."

Almost singlehanded, this banker made possible the prosperity and progress of Barnum. That's why no one can mention Barnum without mentioning Mr. Hanson in the same breath. He did it by initiating new projects despite the skepticism of most people of that area.

A native of Homestead, Minnesota, Mr. Hanson operated a general store at Evan, Minnesota, until he got a good offer. He sold out and went up to the northeastern part of the state. The section appealed to him and he decided to

open a bank in Barnum, then a lumber town. He personally helped to build the substantial brick building that still houses the bank.

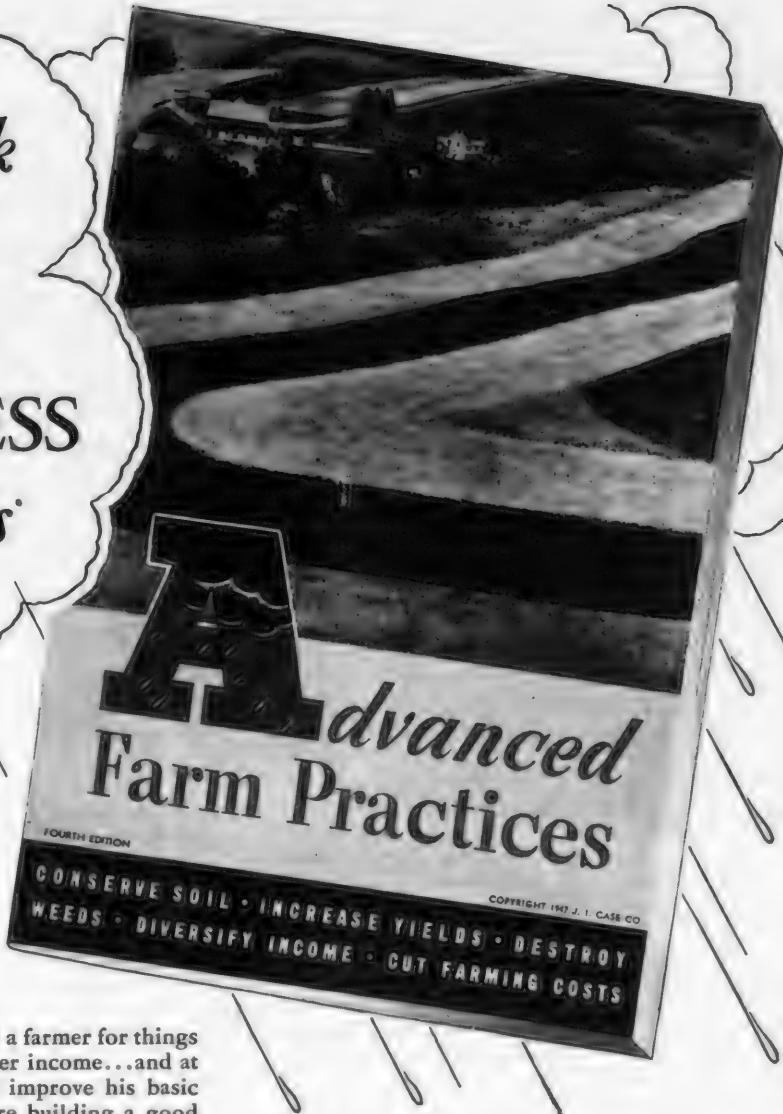
Times quickly became hard for the young banker. The economy of the entire community was based on the sawmills. A few of the employees operated "patch farms," but the majority depended on the sawmill payroll. But the best parts of the big pine forests had been denuded and soon the sawmills pulled out for virgin territory. With them went the greater part of Barnum's population.

Vision Saves a Town

"Like the others, I was greatly disheartened," Mr. Hanson recalls. "Most of the people figured Barnum would become a ghost town. But I thought it over. After all, there was still hope for this section. A good dairying industry could be built up. Poultry wasn't out of the question, either. So instead of pulling out, I decided to see if I could help put farming on a profitable basis here."

Mr. Hanson knew the cut-over land was useless for producing cash crops. However, it could support dairying and
(CONTINUED ON PAGE 106)

This Book
HELPS
BUILD
BUSINESS
for Banks



When you lend money to a farmer for things that bring him a better, surer income...and at the same time protect and improve his basic collateral, the soil...you are building a good customer for your bank. It is good business to encourage such advanced farm practices even when they don't call for new money from you or new machinery from us.

That's the reason for the booklet shown above. In 30 bulletin-size pages it packs a score of sound farming practices—some new, some

old, all profitable and protective. It cites such authorities as Morrison's "Feeds and Feeding" and the state experiment stations. It refers repeatedly to local and regional data available from the Soil Conservation Service, county agents and agricultural colleges.

It's so brief, so simple, so full of photos there's no room to go into much detail. Its purpose is to arouse interest, suggest plans, stimulate action. Its scope ranges from stubble-mulch tillage to safety principles. It's just one of many educational booklets, movies, charts, etc., created by Case.

We'd like to send you a sample...or a supply, if you can use it...of "Advanced Farm Practices." And remember—we believe that financing of farm machinery sales is business that belongs to local banks. J. I. Case Co., Racine, Wis.

CASE •



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Motion picture films with sound are available in 16 mm. size for showing to schools, civic groups, farmer meetings, conservation clubs, etc. Some of the subjects are terracing, contour farming, pond-building. Send for latest edition of "Visual Education Materials"—a catalog of Case films, booklets, wall charts. Address Educational Division, J. I. Case Co., Racine, Wis.

News for Country Bankers

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

Job Classification Study

GENERAL salary increases and high employee turnover in recent years have created a baffling problem for many banks, particularly the smaller ones. To give these banks an assist in solving their personnel headaches, the Country Bank Operations Commission and William Powers, director of Customer and Personnel Relations of the American Bankers Association, are now developing a sound, over-all job classification program, after which job evaluation, merit rating, and training programs will be given consideration.

Some months ago a preliminary questionnaire was sent to some 200 selected banks and a second questionnaire, which was formulated on the basis of the data obtained from the prefatory study, has recently been sent to 1,500 banks with about 10 to 30 employees.

Country Bank Commission Chairman Richard W. Trefz stated in the letter accompanying the questionnaire:

"It is hoped that the data obtained will make possible a study that will provide bankers, in this general size group, with the fundamental principles of a job classification program that can be set up in their banks.

"Since job classification is the logical first step in this field, the present study will be limited to this phase of the over-all program. If, after processing the information received, it is found that a second program can be devised, studies on merit rating will be made, after which training and testing will be given consideration."

Mr. Trefz, who is president of the Beatrice (Nebraska) State Bank, also stated that "after the returns have been received and processed, we will furnish you with a report of the results, set up to be just as informative as possible."

Should there be banks in the 10-to-30 employee bracket which did not receive copies of the questionnaire, the Country Bank Operations Commission will welcome requests for copies, since it is the desire of the A.B.A. to get the best possible cross section of information for use in its job classification and evaluation program.

Page Ad Heralds Livestock Plan

THE new farm youth livestock-raising program of the First National Bank and Trust Company of Walden, New York, was announced in a full-page newspaper advertisement. This ad, *reproduced in part above*, was illustrated with a montage of barnyard sketches, and included copy telling why the bank established its cooperative livestock program and how the 4-H Club and FFA members benefit.

A brief outline of the program was given at the bottom of the page, in which the bank explained its lending procedures and gave information on the execution of a note and the amortization rules.

Special Announcement to the Members of Our 4-H Clubs and F.F.A. Chapters

First National Bank & Trust Company of Walden

Taken Pleasure in Announcing
A Co-operative Livestock Raising Program With YOU

To Encourage Production of Choice Livestock and Better Dairies in our area

THIS PLAN has been made consideration for a long time. This bank has long felt that closer co-operation between the bank and the members and the people for the property of all our community. Farming represents the main industry in this entire area and as such it deserves all the support that can be given by the banking profession.

POCKETBOOKS of our young 4-H Club and F.F.A. members will suffer as direct relation to the growth of the stock which they produce in this program, and the general prosperity of the Walden Valley will be greatly helped. We consider our young farm people to be the backbone of the future prosperity of this area, and we are glad to offer them every possible encouragement to start and develop their herds and dairy.

AS A BY-PRODUCT of this program, junior farmers will get to know what a bank plays in a farm program. Smaller projects are in operation in other parts of the country and they have worked out reasonably well. They have shown what excellent part bank credit can play in the successful operation of a farm.

THIS WILL BE a continuing program. A year from now at the County Fair, we will see the tangible evidence of the success of this plan and in an effort to encourage the young farmers exhibit the stock which they have acquired. It is our earnest wish that each succeeding year will reflect a strong and steady progress toward lending the very best bank credit available in particular. We count it a privilege to work with you toward that goal.

A Brief Outline of the Program follows:

1. FARM BOYS AND GIRLS who are 14 to 21 years of age. 2. The County Fair, the 4-H Club and F.F.A. members. 3. The First National Bank and Trust Company of Walden, New York.



First National of Walden, New York, announcement of its new farm youth livestock program

A somewhat different slant was introduced in copy which explained that the loan applications of youthful borrowers would be passed upon by the bank's directors familiar with various breeds of cattle. The ad stated:

"Our farm directors are very well qualified to administer this program. Each of them operates a herd. Lewis Andrews has Ayrshires. Douglas Couser has Holsteins. Fred Hutzler has Guernseys. If applicants wish to buy a Holstein heifer, for example, the purchaser will be passed on by Doug Couser, the Holstein man, in conjunction with the County 4-H Club agent. . . ."

Loans to Farm Youths

At Albert Lea, Minnesota, officers of the Freeborn County National Bank are convinced of the value of loans to farm youngsters seeking to raise sheep, steers, or hogs as 4-H projects. Working in cooperation with County Agent R. E. Jacobs, this bank has made a number of loans to members of a 4-H lamb club during the past three years. The bank charges the 4-H'ers 5 percent interest on these loans, but when the note is paid off, 1 percent of the loan is returned to the club treasury.

"This makes a decided hit with the 4-H members," de-

clares Cashier G. S. Winjum. "They get a little surplus for their treasury for use whenever they want to stage a project of one type or another. It's our feeling that when you do a favor to a boy, he's not as quick to forget about it as an adult would be. Getting a boy started in doing his banking business with you is an important first step in gaining a permanent adult customer."

Although the farming area around Albert Lea is primarily a dairying and hog-producing country, a number of farm lads are interested in sheep. Mr. Winjum finds his contacts with the boys paying off in business with their parents. When a father hears his boy enthusiastically describing the friendly greeting he received at the bank, he has a warm feeling toward the banker.

Mr. Winjum makes the majority of farm calls for the Freeborn County National Bank.

"It's a good idea to make these calls," he asserts. "Often I'll find a borrower thinking seriously about making additional improvements on his farm. That gives me a chance to explain the advantage of borrowing money from the bank. By getting out and talking to people, I find new business coming our way."

High School Student Tours

PLANS laid in Kansas by the bank personnel section of the Kansas Bankers Association provide that every senior high school class in the state shall be invited this fall and winter to take a conducted tour of the bank or banks in its community. To this end, the KBA has issued a brief manual of procedure.

In a memorandum to the banks accompanying this manual, the association points out that had "today's customers been the recipients of this program in the past, there might have been less recourse to Government credit agencies, fewer deposits in the Postal Savings System, and 37 percent of the people might not have said they either favor Government ownership of the banks or have no opinions."

Each of the nine Kansas group bank personnel committees has been asked to appoint a local bank tour banker in the various communities under its jurisdiction. These managers will arrange (1) with the banks for permission to have the students visit them; (2) get the permission of the superintendent of schools to approach the teachers to invite them to tour the banks; (3) develop programs with the teachers; and (4) where desirable, arrange to have bankers address students in their classrooms prior to their visits to the banks.

Detailed instruction is given on how to conduct the tours.

Banker Practices What He Preaches

GRAIN farmers no longer cock a skeptical eye at Kent Baird, cashier of the Aberdeen (South Dakota) National Bank, when he urges them to mix in a little dairying, swine, and poultry with their farming operations. That's because Mr. Baird is demonstrating on his farm near Aberdeen that it's common sense to diversify their farming operations.

On his farm, Mr. Baird is proving that it takes only a little extra work to get extra income. This gives him a good talking point. He can cite his own experiences to emphasize that grain production needs to be supplemented with dairying and livestock production to put farming on a stable basis. When a farmer expresses doubt, it's a simple matter for Mr. Baird to relate his experiences. That's usually a clincher.

Mr. Baird not only owns the farm—he and his family live

on it and he spends much of his spare time farming it. He finds that it keeps him alert to farm problems.

"I can look at a matter from two viewpoints—that of the banker and that of the farmer," he smiles. "It's proving to be a lot of fun as well as hard work but I've never regretted moving out there. I believe I'm a better banker as a result of this move."

Pennsylvania Soil Meetings

EFFECTIVE use of soil resources and profitable farm management were discussed in detail by bankers and farmers in eight western Pennsylvania counties at a series of three meetings this fall on farms near Smicksburg, Smock, and Worthington.

Following tours of selected farms during which the application of recommended operating practices was observed, the bankers and farmers heard talks by representatives of the School of Agriculture of Pennsylvania State College.

These meetings were the first sponsored jointly by the School of Agriculture, the Pennsylvania Bankers Association, and the Pittsburgh Branch of the Federal Reserve Bank of Cleveland.

John W. Kossin, FRB vice-president in charge of the Pittsburgh Branch, and John G. St. Clair, president, Indiana County Bankers Association and secretary of the Farmers Bank and Trust Co., of Indiana, presided at the first meeting.

Arthur G. Foster, cashier, Pittsburgh Branch of the Federal Reserve Bank, and Paul Malone, president, Fayette County Bankers Association and executive vice-president, Second National Bank of Uniontown, presided at the second day's meeting.

Presiding at the third day's meeting were Mr. Foster and R. M. Heilman, president, Armstrong County Bankers Association and cashier-secretary, Elderton State Bank.

A booklet entitled *Profitable Farming*, giving the physical, agricultural, and economic histories of each of the three farms visited, was distributed at the meeting.

MARY B. LEACH

The Florida Cattlemen's Association and the agricultural committee of the Florida Bankers Association held simultaneous meetings in Cocoa. Men prominent in both organizations: *Front row, left to right*, W. E. Ellis, Commercial Bank & Trust Company, Ocala, and president, Florida Bankers Association; Irlo Bronson, president, cattlemen's association; J. Carlisle Rogers, Leesburg, chairman, FBA's agricultural committee; James Oxford, Brevard County agent; N. Ray Carroll, First National Bank, Kissimmee; *second row*, Floyd M. Call, FBA executive secretary; H. V. Nye, First National Bank, Palm Beach; E. J. Folmer, Bank of Bonifay; John Cannon, Barnett National Bank, DeLand; Harry McIntosh, Bank of Pahokee; Julian Eaton, Coconut Grove Exchange Bank, Miami; *third row*, David Bailee, Southeastern Fat Stock Show and Sale, Ocala; June Gunn, Osceola County agent; and George Kempfer, Broward County Cattlemen's Association



An 8-County Plan for Prosperity

FRANK L. GOEBEL

In this article, Mr. GOEBEL, agricultural specialist of the Parkersburg National Bank, tells how the Little Kanawha Regional Council was organized, how it functions, and how an eight-county area of West Virginia benefits from this cooperative community movement.

By training, experience, and background, the author is an agricultural banker. For several years he operated his own farms and those of others and he has been lending money to farmers for more than 15 years. He believes that the opportunities for the privately owned commercial banks in the field of agriculture are unlimited.

WHAT is generally recognized as one of the most challenging stories of American free enterprise at its enlightened best is to be found in the area of the Little Kanawha Regional Council, in that portion of the Ohio Valley centering around Parkersburg, West Virginia.

It is a story of thousands of residents of all walks of life working harmoniously together, building for themselves an organization which is the envy of many who have tried similar things and failed because they overlooked some important principles which it seems the council incorporated into this undertaking. In the actual work of this organization many bankers of the eight-county area hold key positions; and without exception all bankers give it their whole-hearted support because it is the answer to a longfelt need.

Bankers Help Found LKRC

Just how an organization which succeeds is started is always a challenging story; the courage and determination back of every successful effort is always something which stirs the imagination; and in this particular instance we have a living, growing example of what can be achieved by teamwork, self-help, and cooperation.

In the beginning it was the newspapers of the area, acting in unison, which proposed a regional council plan. Bankers, industrialists, radio stations, merchants, grocers, educational and religious leaders, as well as agricultural

and professional people became allied with the movement which was first for an area organization which would strive for the educational, economic, and agricultural advancement of the area, and that in each of the counties there would be chapters which would devote their time and talents to the solution of their own problems and could summon to their side the regional organization at any time they believed it might be of assistance.

Aims

Some of the cardinal aims included a better system of farm-to-market roads; the development of recreational facilities; compiling facts and data on the area which would be available when needed; finding a profitable market outlet for vegetable products and thus boosting the income of the territory, which is basically agricultural; promote better livestock and dairy herds; render assistance to chambers of commerce and business groups on an areawide basis; promote the production of quality products properly graded, standardized, and branded; and do many other things designed to bring "better things for better living."

That was three years ago. Today, as one travels through the region, one can hardly comprehend that so much has been accomplished in such a short time —yet the officers of the council who give freely of their time and talents will modestly tell you "we are only beginning."

Results

And what about their success?

That would necessarily be a long and detailed report which would include columns of statistics, graphs, etc.—but it can be pictured by noting some of the things which have, and are, taking place.

More than \$100-million is being spent by industry already, or is in the process of being expended or earmarked for expenditure for new expansion. Much of it is already completed.

A ham and bacon sale held each spring has consistently set a world record in price, the sale this spring bringing the top price for ham of \$36.50 per pound and was featured as "the world's best sale" in publications all over the country.

Conference organizations among the 14 high schools of the area in football, basketball, and baseball have been formed and trophies awarded by the council to the winners each year. And this type of work is extending even beyond the schools as a golf league has been formed with the championship playoffs in August.

Historical data are being assembled; historical spots are being marked for tourists; a descriptive map of the area showing what is produced in each town and community has been published and given wide distribution; news bulletins are sent to members at intervals; recreational training schools are held for

(CONTINUED ON PAGE 110)

Ira C. Cottrell, right, Roane County marketing manager for the Little Kanawha Regional Council, displays truck load of new-type 15-pound bags of potatoes bearing the "L-K" trademark. Like the market managers of the other seven counties, Mr. Cottrell is employed by the State Department of Agriculture and assigned to the council



HOW TO WIN FRIENDS AND INCREASE DEPOSITS



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Depositors are relieved of irksome waiting at windows. Business is streamlined...banking speeded up...customer and employee relations improved when this versatile new Monroe goes to work for you.

The cost? So low it quickly pays for itself in time, trouble, money saved.

As a progressive banker, alert to new and better ways of doing business, you'll want to know what this hard-working "extra teller" can do for you.

Your local Monroe-owned Branch, listed in the classified directory, will gladly give you information. So call today; no obligation, naturally.

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MACHINES FOR BUSINESS



MONROE CALCULATING MACHINE COMPANY, INC., GENERAL OFFICES, ORANGE, N. J.

Oklahoma Bankers' Soil Award Program

GEORGE H. C. GREEN

Speaking of the Oklahoma Bankers Association's Soil Conservation Award Program, MR. GREEN said that this is "merely one phase of the activities of the committee on agriculture. Other activities conducted by our committee have to do with the farm youth activities in connection with the FFA and 4-H Clubs, the Junior Livestock Fairs, the encouragement of the use of pure seed, especially in wheat and cotton farming, and the encouragement of better balanced farming generally.

"A Broiler Show staged in three counties in Oklahoma as an experiment this year was quite successful. Under banker leadership in Muskogee, Cherokee, and Wagoner counties, baby chicks were bought by interested local business folks and given to the 4-H and FFA club members, each member receiving 50 chicks, for which the sponsors paid \$7.50. The farm boys and girls cared for the chickens for 12 weeks, at the end of which the Broiler Show was held in the county. Prizes were awarded for first, second, third, and fourth places, the sponsor receiving the six best birds. An auction was held on the remainder to benefit the boys and girls."

MR. GREEN is vice-president of The Liberty National Bank in Oklahoma City and is chairman of the agricultural committee of the Oklahoma Bankers Association.

WE have a plan in operation in Oklahoma that is providing real and permanent results. One that is good for the farmer, the

♦
Bankers congratulate a "broiler" award winner. Left to right, Clyde W. Fish, vice-president, First National Bank & Trust Co., Muskogee, Oklahoma; Buddy Vance, Boy's Club winner; and Author Green

♦



banker, and the public in general. This is our Banker Soil Conservation Award Program that has attracted national attention. The plan affords a splendid public relations opportunity for the individual bank, and for banks generally, because soil conservation is the greatest and most urgent problem confronting Oklahoma farmers. Activity, cooperation, and leadership in this work on the part of bankers is heartily welcomed by farm people of the state.

Only 13% of Land Uneroded

I am going to give some facts concerning agriculture in Oklahoma before discussing the banker award plan and its operation. Farm lands in Oklahoma, as in many other sections of the country, are very susceptible to wind and

water erosion. As a matter of fact, only 13.6 percent of all the land in the state is free from soil erosion. Of the 65 percent of land area which is suitable for continuous cultivation, 51.4 percent must have intensified soil conservation practices in order to remain productive. Three-fourths of the topsoil on 8½ million acres is lost. One-fourth to three-fourths of the topsoil on another 13½ million acres is gone in Oklahoma in spite of the fact it is one of the youngest states, and one of the last frontiers. It was not many years ago that its vast, fertile lands were untouched by the white man's plow. Today, however, soil erosion is making inroads on 76 percent of the crop lands, 92 percent of the grazing lands, 85 percent of the wood lands, and 95 percent of the idle lands. *The topsoil on many mortgaged farms disappears before the mortgage matures.*

Enemy of Land, Enemy of Banking

Naturally, in an agricultural area any enemy of agriculture is an enemy of banking, too. Oklahoma is basically an agricultural state with an agricultural economy, in spite of its oil, mining, and other growing industries. With the depletion of oil, the future may be more essentially agricultural than the present. At any rate, banking in Oklahoma is largely built upon agriculture, and agriculture is built upon the soil. When the soil is gone agriculture is gone, and

(CONTINUED FROM PAGE 108)



♦

Farmer Harlow Gers, of Purcell, receives the Oklahoma Bankers Association's Soil Conservation Award and the hearty congratulations of Secretary Eugene P. Gum; Cy Ellinger, president, First State Bank, Purcell; and Chairman Green

♦

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Consumer Credit Digest

Instalment Credit Makes Mass Production Possible

A. ANTON FRIEDRICH

The author is professor of economics at New York University, a member of the faculty of The Graduate School of Banking, a speaker and writer on economic subjects, and a regular contributor to BANKING.

INSTALMENT credit is one of the major economic developments, perhaps the outstanding financial development, of our times. Is this an exaggeration? I do not think so. Consider the scope of its uses and its rapid extension within the past 25 years.

Since the end of the war, the number of houses erected, sold, bought, and paid for will run into the millions. The larger part of these have been financed by mortgages which amortize monthly; in other words, by long-term instalment credits. In 1949, 5-million or so new automobiles and several more million used cars will have passed into the hands of consumers. Of these, perhaps half will have been financed by instalment sales credits. The refrigerators, electric ranges and dish washers, deep freeze units, and the many other household appliances, radio and television sets will have a 1949 unit sales volume running into the many millions. Of these, an appreciable percentage will have ownership transferred on the

promise of the consumer to make regular monthly payments after the purchase. The personal financial needs of large numbers of individuals and families, medical, hospital, and dental care, refinancing of existing obligations, taxes, assistance to relatives, travel and vacation, will have been provided for by instalment cash loans.

Productive Uses, Also

Instalment credit is not limited to the fields of home mortgage and consumer credit. It has its productive uses also. Instalment loans are used by farmers to buy tractors, trucks, harvesting and the many other machines which are the instruments of modern-day mechanized agriculture; by small manufacturers to acquire machines and other capital assets; by merchants to modernize their stores with new equipment and facilities.

A measure of the dollar importance of the varied uses of instalment credit runs into the uncertainties of statistical reporting and classification. In the class of consumer credits, there are many loans to small producers and a part of the total of commercial and agricultural credits consists of instalment loans. It is safe, however, to suggest that the total of outstandings, including all items of

instalment lending, would run to well over \$50-billion. In the field of bank operations, instalment lending including personal finance, sales credit, home mortgage financing, and producer loans, would equal and perhaps exceed in amount all other credits.

Human and Social Terms

If instalment credit is measured in human and social terms, there is no other form of credit which touches the lives of more people, more directly, and with more immediate impact upon the standard of living. "Instalment credit is people" as one writer puts it. That instalment credit is people not only creates problems of organization, administration, and costs peculiar to it but it also invests it with general social importance. As the promissory note is the financial instrument of commercial enterprise, so is the instalment loan the financial instrument of the "common man," if I may use that much-abused term. It gives the many millions of "ordinary" people access to the facilities of banks; it gives banks access to them, and both are important.

If Wishes Were Horses

The economy of the United States is rich, immensely rich, in the luxuries,

conveniences, and comforts embodied in those goods we lump together in the prosaic classification of "consumer durables." The productiveness of our economy is expressed not only in the jet fighter planes which fly faster than sound but also and more significantly in the electrically operated coffee makers which brew coffee "according to your taste" just before you awake in the morning, or the electric range which cooks a meal in regulated time and temperature while the housewife spends the afternoon at the movies or playing eighteen holes of golf in a local tournament. Moreover, the numerous mechanical gadgets of luxury and convenience are not precious items reserved for a privileged few. They have a wide distribution among the population so that today they are regarded as articles of common use.

Reciprocal Relationship

This abundance of consumer wealth is usually and quite properly ascribed to the benefits of mass production. It is true, of course, that it is the economies of modern industry in the use of human energy and materials which make it possible to produce in great quantities intricate mechanical contrivances on terms within the means of large numbers of people. But it is also true, and the relationship is a dual and reciprocal one, that if the great mass of consumers did not have at hand the means of buying, these miracles of mass production might not have occurred at all. Mass production can develop and survive only if there is also mass distribution.

The mass distribution of articles the unit price of which is relatively high raises a problem quite different from that which exists in the case of goods with low unit prices. In this latter case, the accumulation of a purchase price is quite a simple matter, requiring perhaps the earnings of only a few minutes work. The purchase price of a refrigerator or automobile may require the accumulation in one lump sum of an amount equal to months and years of savings. There are two ways in which this may be done: (1) by saving before buying; (2) by borrowing, and saving after buying.

Incentive to Save

Mathematically and theoretically, the two financial procedures could work out to the same end result. One can imagine a highly self-disciplined, thrifty community of consumers who would save as much before buying their automobiles as consumers in the flesh now do after the purchase of a car. But

practically and psychologically the two processes would not work out to the same result at all. Saving before buying calls for a highly disciplined nature combined with a vivid imagination. The saver must offset the ever pressing enticements of present if fleeting enjoyments against the imagined, future, and uncertain benefits of the ultimate purchase; and it is likely that, for a great many of us, present enjoyments would win out. In the case of an instalment purchase, on the other hand, the incentive to save is much stronger. The immediate enjoyments of the new refrigerator or range nourish and sustain with their own concrete reality the disposition to save.

Almost a Miracle

Instalment borrowing and saving has almost accomplished the miracle of turning wishes into horses, not that beggars might ride, but that millions of people might enjoy durable consumer goods which otherwise might have remained mere wishes and unfulfilled expectations.

This is speculation, of course. Historically, the fact is that the development of the technique of mass production of durable goods by industry was accompanied by a development of instalment credit as a means of mass financing. To the extent that mass distribution of high unit-price consumer goods is a necessary condition of the achievement of the economies of mass production so instalment financing is a necessary condition of mass distribution.

\$120-Million in Instalments

MORE than \$120-million is presently owed to Illinois banks on instalment loans, according to a survey made by the Illinois Bankers Association and reported to the association's Instalment Lending Conference in Springfield in October by Kenneth R. Wells, chairman of the conference and vice-president of the American National Bank and Trust Company of Chicago.

According to Mr. Wells, the survey indicates that Illinois banks not only recognize consumer lending as a proper banking function but have accepted their responsibility to finance the ultimate consumer as well as the producer and distributor of goods as a way to help maintain a properly balanced credit structure.

The survey, which covered more than 200 banks, showed that more than 25 percent of these banks' total loans were represented by instalment contracts; that three out of four of these contracts arose from the sale of goods, and that less than one in four was created by a direct loan of money. Even in direct loans, according to Mr. Wells, the money in many cases was used to purchase goods.

The results of the survey were broken down to reflect outstandings of banks with less than \$10-million assets as well as for those over that amount. In the smaller banks, 38 percent of all loans were represented by instalment contracts, whereas for the larger banks the figure was 22 percent.



Consumer Credit News

Open-End Mortgage Could Mean Big Instalment Loan Volume

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

WHEN it comes to instalment loans, you can't beat the mortgage; and if it's an open-end mortgage it's even better. This idea was explored at a conference held on October 13 in New York under the auspices of the *Architectural Forum*. The *Forum*, it will be remembered, has crusaded on financing before. Several years ago its cause was the "packaged" mortgage.

A panel of seven widely known men examined the idea under the prodding of the moderator, M. K. M. Murphy, president of the U. S. Savings and Loan League.

William J. Levitt, president of Levitt and Sons, Inc., said that widespread use of the open-end mortgage would result in "better living for more people." Mr. Levitt maintained that the better a man can make his home, the better credit risk he becomes. It's the satisfied man, he maintained, who is the best credit risk.

Let Loan Grow, Too

Most houses today, said Mr. Levitt, are built with one or two bedrooms and an expansion attic. The householder starts paying down his mortgage and building up his equity in the property with his first payment. In the course of a few years, he should be able to get a re-advance on his mortgage to finish off the attic into two bedrooms and bath. This normally wouldn't bring the mortgage back to the original amount, wouldn't affect the maturity date, and would make the home owner much better satisfied and thus more willing to pay. If the house had its attic finished when it was built, the original mortgage would have been drawn to cover it, said Mr. Levitt, so why not expand the original mortgage to allow for such improvement? The mortgage would then become even a better credit risk for the bank.

"Soundest Credit"

Joseph L. Wood, of Johns Manville Corporation, said that "the soundest credit in the world is the investment in a home." It's the biggest investment the average man ever makes, he said, main-

taining that money put into the home represents a very real investment and not just an increase in credit totals.

The Price Tag

Banks should encourage such increases to mortgages, he said, and should advertise them aggressively, always putting the actual monthly payment price tag on this service. This would sell more of the banks principal commodity, credit. It would also get people into the banks with the possibility of their becoming customers for other bank services, Mr. Wood asserted.

Emil A. Gallman, executive vice-president of the New Jersey Savings and Loan League, felt that the open-end mortgage would tend to protect both the borrower and the lender; the borrower from overextending himself in too much short-term credit, which in the end would endanger the original mortgage. Where supervision is under a single credit source and a single instrument, he said, the lender could help keep the borrower from overextension.

Mr. Levitt amplified on this, saying that people can buy better living for \$20 a month over a long term than they can for \$40 a month for a short term. The open-end mortgage, he said, would accomplish this to everybody's profit—the borrower, the lender, builder, appliance dealer, etc.

Cyrus B. Sweet, president of the National Retail Lumber Dealers Association, said that the banks are negligent in not pushing the open-end mortgage. He said he had just discovered that some banks will grant re-advances on an existing mortgage, but they have been mighty secretive about it.

FHA Listens

Warren J. Lockwood, assistant commissioner of the Federal Housing Administration, and a member of the panel, said that FHA would "explore and examine" the ideas presented at the conference. The FHA, he said made so many changes in keeping abreast of developments of the last 15 years that it wouldn't be afraid to change further if it seemed for the public good.

VA, Too

T. B. King, director of the Loan Guaranty Service of the Veterans Administration, said that VA has often been ahead of "the lender, the lawyer, and the law" in its work with open-end mortgages, and already has in many instances approved re-advances on the existing mortgage—always within the original maturity. He said VA would also "explore every avenue leading to absolute and complete home ownership."

(CONTINUED ON PAGE 62)



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Patrick Henry
on March 23, 1775 said ...



*"Is life so dear, or peace so sweet as to
be purchased at the price of chains and slavery
— as for me, give me liberty or give me death!"*

TODAY we hear more and more about the security, the "peace so sweet" of a planned economy . . . less and less about the old-fashioned initiative, inventiveness and hard work that created the American way of life.

In our striving for security and material well-being, we are in danger of bartering our individual liberties for the "chains and slavery" that are the price of a planned economy.

If our free economy is to endure, we must return to the fundamentals of self-reliance and individual initiative upon which it was built.



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L. Douglas Meredith, executive vice-president of the National Life Insurance Company, and a member of the board of governors of the Mortgage Bankers Association, said that it is not always necessary to re-appraise the property in making a re-advance on an existing mortgage. And further, "Why can't we all be smart enough to eliminate all odd cents from all instalment payments?" he asked. "We would save hundred and hundreds of adding machine punches in the life of the mortgage contract."

In 14 Years No Losses

Frederick T. Backstrom, executive vice-president and secretary of the First Federal Savings and Loan Association of New Haven, Connecticut, when called upon in the audience said that his company has had experience dating back to 1935 with the open-end mortgage. The association made from 1,400 to 1,500 re-advances for property improvement, modernization, and repairs, "and we have yet to have our first default."

The panel brought out that the greatest percentage of mortgages are paid off before the maturity date, and adding to an existing instrument without extending the original maturity embodies no special danger. The "good credit risk would still be a good credit risk."

It seemed the consensus of the panel that the open-end mortgage can be beneficial because: (1) Keeping the home owner's indebtedness under a single long-term instrument is cheaper, makes for better control by the lender, protects the borrower from overextension in short-term credit; (2) it increases the value of the property and thus makes the mortgage a better risk; (3) the improved home is a home on which a man *wants* to pay off his indebtedness.

Willingness A Factor

A lot of this is, of course, not too new. Several years ago, for instance, General Electric advertised in **BANKING** that "Today there's a new note in residential mortgage risk rating. It goes beyond land, title and structure. It recognizes that what a house costs to live in has a direct bearing on the owner's ability to pay and his willingness to pay."

There's the story. Some bankers will agree that the open-end mortgage is all that is claimed for it. Others will disagree, and violently. But all bankers will want to think about it. Anything which holds out even a possibility of good safe credit business demands consideration of all alert bankers.

SET STANDARDS

There is a growing awareness on the part of consumer credit bankers of a resurgence of that unfortunate practice of selling easy credit terms instead of selling the merchandise.

"Nothing down and two years to pay" is back with us. "Nothing down and a quarter a day in the coin box" is the new wrinkle that's gaining momentum.

But the bankers are alert to this development and the wise ones are discouraging it. Sure the banks are interested in granting credit. But they're interested in healthy credit.

The **Instalment Loan and Finance Bulletin** of the Kentucky Bankers Association notes that "Short down-payments, or even no-down-payments, are recurring with increasing frequency. Banks and other lenders who are handling this paper are fortifying themselves with increased dealer reserve and guaranties. Although banks are making themselves safe in this way, it is discouraging to note that credit terms are being sold instead of merchandise."

Markets are tightening, which makes selling a tougher job. But this is the natural development of heavy production. Prices are coming down in many fields, which has a depressing effect on the resale value of repossessions. Liberal trade-in allowances tend to weaken the valuable standard of demanding down-payments to provide proper equity in the merchandise.

At the recent **Instalment Lending Conference** of the Illinois Bankers Association, Wallace H. McDaniel, ex-

ecutive vice-president of Northwest National Bank of Chicago, sounded a proper warning for all lending operations:

"Set your credit standards and keep your paper within these standards. Any exception should be just that—a rare exception."

"... As a matter of general policy in this instalment lending business, work for volume in any of the particular classes of credit that appeal to you in your own community—but let's keep this business clean and within the rules and ethics of good banking."

BASICALLY HONEST?

Every borrower is basically honest and bankers should not forget this, according to Fred Diefenbacher of the National City Bank of New York.

In an address to the 21st annual midyear conference of the New Jersey Bankers Association, Mr. Diefenbacher said that every borrower values his credit standing and that "experience shows that the loss factor is a minor element compared with operating costs in loans."

"Bear in mind," said he, "that practically every borrower, regardless of position, carefully guards and values that priceless intangible known as credit standing."

Quite often, the speaker asserted, delinquents can be cured merely by changing the payment date. He pleaded for tolerance in collection on loans and defended the position that "every borrower is honest."

(CONTINUED ON PAGE 99)



"I wrote a letter asking her to marry me. It came back marked Insufficient Funds"

STATEMENT OF CONDITION, SEPTEMBER 30, 1949

RESOURCES

Cash and Due from Banks	\$1,099,289,314.34
U. S. Government Obligations	1,760,469,739.38
State and Municipal Securities	103,278,968.84
Other Securities	126,070,281.37
Loans, Discounts and Bankers' Acceptances	1,317,800,673.14
Accrued Interest Receivable	13,263,185.07
Mortgages	28,203,359.23
Customers' Acceptance Liability	16,141,151.57
Stock of Federal Reserve Bank	7,950,000.00
Banking Houses	29,756,291.03
Other Assets	4,889,642.90
	\$4,507,112,606.87

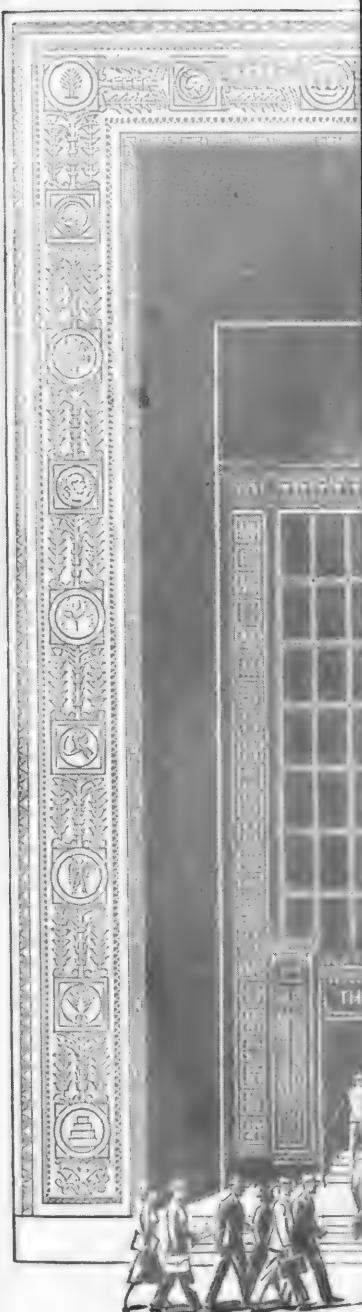
LIABILITIES

Deposits	\$4,106,109,735.30
Dividend Payable November 1, 1949	2,960,000.00
Reserve for Taxes, Interest, etc.	11,145,235.20
Other Liabilities	17,153,798.11
Acceptances	
Outstanding	\$ 19,035,047.95
Less Amount in Portfolio	1,999,207.85
Reserve for Contingencies	17,035,840.10
Capital Funds:	
Capital Stock	\$111,000,000.00
Surplus	154,000,000.00
Undivided Profits	67,648,595.77
	332,648,595.77
	\$4,507,112,606.87

United States Government and other securities carried at \$322,415,992.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

**THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK**

Member Federal Deposit Insurance Corporation



The Investment Market

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

IT SEEMS safe to say that the business outlook is hardly of a nature to warrant expectation of any change in the present ample credit policies, and it might be thought advisable to lessen the attractiveness of the shorter-term Governments by lowering the rate.

The last transfer of member bank balances from required to excess reserves as a result of lowered requirements took place on September 1 for the member banks, marking the end of the increase from that source in their ability to extend credit either by an expansion of loans or the purchase of securities. Use of the released reserves had been made by the member banks chiefly in the acquisition of Government securities. Over \$1½-billion were added in the period from July 27 to September 7.

At the same time the seasonal increase in business loans seemed to have commenced. It was, therefore, natural that the peak prices for Government securities reached at the end of August tended to sag off thereafter. Declines, however, were limited to a half point or less for the intermediate and longer eligible issues while the ineligible tap issues held within four or five thirty-seconds of previous tops. In the final week of September, moderate price improvement developed. Activity for the most part was at a near minimum except for the shortest-term issues in which the continuing readjustment of the money positions of the larger insti-

tutions as well as of dealers' positions created a substantial ebb and flow of bills and certificates from week to week and from day to day.

Federal Reserve Supplies Credit

This flow was especially noticeable in the week ending September 28 in which the Federal Reserve Banks holdings of Government issues rose \$698-million (all maturing in one year or less) after declining over \$1½-billion in the preceding seven weeks.

The chief factor in bringing about the increase of over \$750-million of Federal Reserve credit in the final week of September—although operations to dress up month-end statements contributed—was the sharp rise after September 15 in the Treasury balance at the Federal resulting from clearance of the heavy income tax payments. This plus a steady rise in war loan accounts brought the balance in the general fund of the Treasury up to nearly \$6-billion (including the \$1-billion of sterilized gold) by the latter part of the month, a figure which undoubtedly precludes the possibility of any new financing for cash during the remainder of the calendar year in spite of prospective budget deficits for the months of October and November.

No Bill Increases but Rate Rises

That such was the opinion of the Treasury is evidenced by the decision to stop increasing the amount of Treasury bills outstanding, the last increase having taken place on September 2. Since then the amounts maturing weekly have simply been replaced by the new offerings.

During the period in which the amount was being increased and in the succeeding three weeks the average rate at which the bills were sold rose from 1.007 percent on August 8 to 1.076 percent on September 23, a rate then almost the exact equivalent of that obtainable from Treasury certificates maturing in about eight, nine and twelve months.

This rather anomalous condition undoubtedly reflects the nearly complete control (we doubt whether the word "nearly" should be used) exercised by the Open Market Committee which appears, for the present at least, determined to prevent any further decline in the rate obtainable from the "riskless" sector of Government obligations. Such action naturally led to a weakening in the position of those who have been anticipating a further decline in the one year rate from 1½ percent to 1 percent incidental to the December 15 and January 1 certificate roll-over but this does not necessarily need to be true.

Rate Prospect for December, January

In the first place the tight money conditions chiefly caused by the income tax payments should be eased as Treasury expenditures tend to return funds to bank deposits. Actually, with month-end adjustments out of the way, Treasury bills sold on October 3 at an average price of 1.059 percent and later in the week traded at 1.02 percent. In the second place the rate in December and January will be determined in relationship to business developments during the fall months and so far the in-

crease in business loans gives no indication of being more than seasonal. The increase so far is about four-fifths of the same period last year, while the deflationary effect on business volume of a steel strike of any duration might well result in further credit easing measures such as a reduction in the rediscount rate or a further lowering of reserve requirements.

In fact a reduction in the rediscount rate has been constantly rumored, although suggestions were made that such a reduction might only apply to loans secured by short-term Governments which would alleviate the current squeeze on dealers in Government securities and narrow the present penalizing spread between the borrowing rate and the yield from the bills and certificates.

It seems decidedly too early as yet to reach any logical conclusion as to what the eventual Treasury decision will be but a 1 percent rate still remains a distinct possibility.

Recent Refinancing

In spite of the lower rate the new 1½ percent rate for one year was apparently acceptable both to the holders of the \$1,292-million 2 percent bonds called for payment on September 15 and the \$6,535-million of 1¼ percent certificates maturing on October 1 as only \$95-million of the bonds and \$288-million of the certificates were not turned in for exchange. The result—an exchange of about 95 percent—was somewhat better than anticipated and compares favorably with both the June and July exchanges although at that time the exchange resulted in upping the rate ½ percent.

The Fed's Sale of Bonds

On June 30, 1948, the Open Market Committee stopped selling Government bonds with call dates of five years or more. In the previous six months, to meet market demand and hold prices down, the combined Government holdings of the Federal Reserve banks and U. S. Government investment accounts were lowered about \$3,300-million. Publication of the Treasury survey of the ownership of U. S. Government securities as of June 30 permits a comparison to be made of the changes both in total holdings and individual issues. This is what happened:

Holdings of Bonds	12/31/48	6/30/49	Decline for Period
Eligible....	\$ 4,899-mil.	\$ 3,495-mil.	\$1,404-mil.
Ineligible....	11,419 "	9,486 "	1,933 "
Total....	\$16,018-mil.	\$12,981-mil.	\$3,307-mil.

Over half of the decline in the 27 different issues of eligible bonds (\$782-million) resulted from declines in three issues; the 2½s of 1956/59, \$310-million; the 2½s of September 15, 1967/72, \$279-million and the 2s of December 15, 1952/54, \$193-million. Holdings of five issues were unchanged, four of them partially tax-free issues and the fifth the 2s called for payment on December 15.

Decline of Tap Issues

Of the 10 ineligible tap issues the greatest decline took place in the 2½s of June 15, 1959/62, \$493-million with the 2½s of December 15, 1967/72 and June 15, 1967/72 down \$389-million and \$201-million, respectively. These three issues account for about one-third of the decline.

In the same six months' period commercial bank holdings of the 2½s of 1956/59, 2½s of September 15, 1967/72 and 2s of December 15, 1952/54 increased \$594-million, \$378-million and \$346-million respectively, which is considerably more than the amounts sold from the Federal Reserve portfolio.

Some of the excess came from Savings Bonds whose holdings of the three issues listed in the preceding paragraph declined \$203-million, \$132-million and \$206-million respectively as these institutions shifted from eligible to ineligible issues. Savings bank holdings of ineligible bonds rose \$1,098-million in the six months' period accounting for more than

half of the decline in the Fed portfolio.

The general pattern for the first half of 1949 is quite clear. Commercial banks substituted eligible Government bonds for loans. The Federal Reserve and the savings banks were the main source of supply of the eligible bonds. The savings banks used the proceeds of the sales of eligible bonds to buy ineligible issues which in turn were largely supplied from the Federal Reserve portfolio.

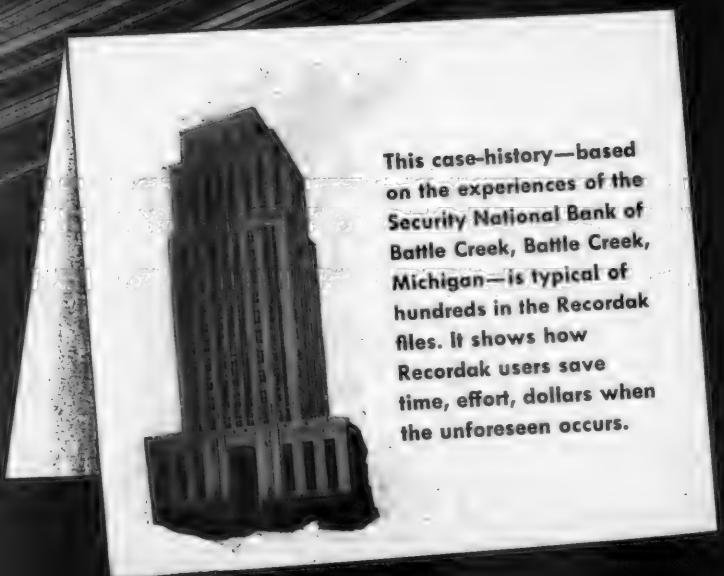
Now let's look at the Federal Reserve and Government investment accounts marketable bond holdings as of June 30. They totaled \$12,981-million. The Federal Reserve Banks had \$7,780-million and still have them. Incidentally only \$526-million of the \$3,495-million eligible bonds have call dates longer than five years. Government investment accounts apparently had \$5,201-million, presumably all tap issues. Of this amount \$3,026-million were held by the Federal Old Age and Unemployment accounts. Postal Savings seems to own about \$1,251-million and the F.D.I.C. about \$450-million. This accounts for all but \$474-million, and we have not looked far enough to find where they are. So deducting the \$5,201-million of tap issues in the Government investment accounts from the \$9,486-million reported as owned by those accounts and the Federal Reserve, we find that the Federal now has left in its portfolio \$4,285-million tap issues to add to the \$3,495-million of eligible issues to make a total of \$7,780-million.



Lost...

a \$36,000 transit
letter containing
218 checks

*but replaced
promptly without cost*



This case-history—based
on the experiences of the
Security National Bank of
Battle Creek, Battle Creek,
Michigan—is typical of
hundreds in the Recordak
files. It shows how
Recordak users save
time, effort, dollars when
the unforeseen occurs.

218 transit checks lost en route,

but the Security National Bank of Battle Creek was fully protected . . . had a photographically accurate microfilm record of the missing items. It forwarded this to the Recordak Film Processing Laboratory in Detroit—the nearest of 20 such centers established for the convenience of Recordak users.

Free Facsimile Service.

At the Recordak Film Processing Center, expert technicians . . . working with Kodak-designed equipment . . . and following Kodak processing technics . . . promptly produced 218 "picture perfect" facsimiles directly from the microfilm record. A service that was performed without cost . . . in accordance with Recordak's established policy of furnishing free facsimiles of all lost transit items.

Within 3 days

after the loss was established the bank had a duplicate transit letter on its way toward payment. Commenting on this, Mr. C. J. Jackson, auditor of the Security National Bank of Battle Creek, wrote:

"Your very prompt service at no cost to us seems unbelievable in these days of high costs and charges."

"Needless to say, these Recordak facsimiles have saved us weeks in tracing the lost items and in getting duplicates back; and unquestionably some loss resulting from items that would have been hard to trace."



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for a free copy of **IN BANK AFTER BANK AFTER BANK**. It gives full details on the application of Recordak microfilming to transit and bookkeeping routines . . . shows how it provides unparalleled protection . . . saves time, effort, dollars in thousands of banks.

In addition, it gives complete details on the line of Recordak Microfilmers designed for banks of every size . . . explains how they can be obtained without capital investment . . . at a low monthly rental charge that includes servicing and parts replacement. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 350 Madison Ave., New York 17, N. Y.

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RECORDAK
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originator of modern microfilming—
and its application to banking systems

BANK LAW NEWS

Chattel Mortgages—Unenforceable Debt

CHATTEL MORTGAGES

Affidavits not required with mortgages under New Jersey "Blanket Recording" statute.

A New Jersey statute provides that persons engaged in the business of selling merchandise who contemplate the making of chattel mortgages in the course of their business may, with their mortgagees, execute and record a single statement of their purpose and that henceforth individual chattel mortgages executed by the parties need not be recorded. The Appellate Division of New Jersey's Superior Court has held that mortgages executed pursuant to that statute need not be accompanied by affidavits of consideration.

The case arose when an automobile dealer went into receivership. A finance company had loaned money on several occasions to the dealer, the loans being secured by chattel mortgages. The parties having complied with the above-mentioned statute, the mortgages were not recorded, but were accompanied by affidavits of consideration. When the receiver was appointed he endeavored to have the mortgages declared void, on the grounds that the affidavits "did not truthfully, fully and completely set forth the true consideration. . . ."

In deciding against the receiver the court noted that New Jersey law provides that the ordinary chattel mortgage is void as to creditors and subsequent purchasers and mortgagees "unless the mortgage, having annexed thereto an affidavit of consideration, is recorded."

Insofar as that law applied to dealers in automobiles and other goods, who frequently executed series of chattel mortgages in the regular course of their business, "many believed that it worked a hardship without commensurate advantage," said the court. Accordingly, the legislature permitted such persons to record but one simple statement of their purpose to execute chattel mortgages in the future.

The recording of this statement, coupled with the nature of the mort-

gagor's business, is deemed to furnish creditors with ample notice that chattel mortgages are likely, said the court. If a creditor wishes to know if a mortgage has been placed on any particular article, he may ask the mortgagee, who is obliged by the statute to disclose in writing whether the article is subject to any mortgage executed by him.

The legislature which enacted the statute believed, said the court, that recording of the statutory statement would adequately protect creditors and other interested persons and that "additional procedural or formal requirements beyond the actual execution of the individual chattel mortgages would encumber legitimate business transactions and give rise to legal controversies without corresponding public or private gain."

Hence, said the court, no affidavits were necessary in connection with the mortgages in question. *Bruck v. Credit Corp.* 65 A.2d 852. *Paton's Digest*, Chattel Mortgages §7.

SET-OFF

When statute of limitations makes debt unenforceable in action at law, bank cannot set-off debt against debtor's commercial account.

When a statute of limitations has made a mortgage deficiency judgment unenforceable, says Ohio's Supreme Court, the mortgagee bank is not entitled to take money from the mortgagor's commercial account to satisfy the judgment.

Plaintiff mortgaged a dwelling to defendant bank and thereafter sold it to third persons, the Buttrys, who assumed the mortgage. Later, the bank foreclosed the mortgage and obtained a judgment against both plaintiff and the Buttrys. The property was sold for a price less than the mortgage judgment, leaving a deficiency still owing to the bank.

Some seven years later plaintiff opened a commercial account with the bank. The deficiency never having been paid, the bank deducted it from plain-

tiff's account. Plaintiff, of course, objected.

An Ohio statute provides that a deficiency can be enforced for only two years against a mortgagee who used the mortgaged premises as his home. The Buttrys had lived in the mortgaged premises, but plaintiff had not. The bank therefore argued that the statute did not apply to him.

The court held, however, that the statute is "directed toward the judgment rather than the persons connected with it." The judgment in question was against both plaintiff and the Buttrys, and concededly could not be enforced against the latter. But if it could be enforced against plaintiff, said the court, "an absurd result would follow": The Buttrys were the principal debtors; plaintiff was their surety. If the bank could now collect from plaintiff, he as surety could collect from the Buttrys, with the result that the statute which concededly protects the Buttrys would actually give them no protection.

Therefore, said the court, defendant's claim against plaintiff was unenforceable and "where an obligation is not enforceable in an action at law, it cannot be set off against an opposing claim." *Kocsorak v. Cleveland Trust Co.*, 85 N.E. 2d 96. *Paton's Digest*, Set-off §1.

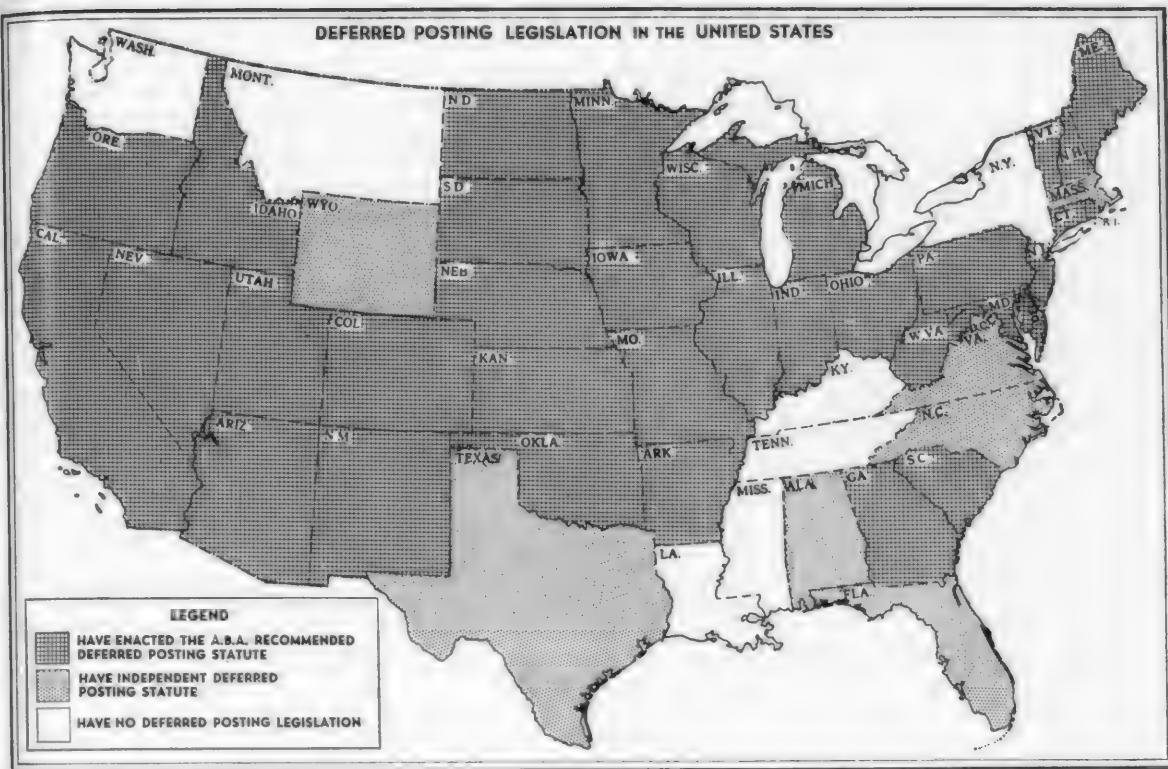
RIGHT TO OWN BANK STOCK

Bank cannot limit ownership of its stock to its customers.

The Supreme Court of Kansas has held that the charter and by-laws of a bank cannot restrict the right of stockholders to dispose of their stock.

The by-laws of a state bank were amended to provide that: "No stockholder shall sell or assign any shares of stock except to Stockholders of record . . . who, . . . shall have been bona-fide customers of the Bank for a period of not less than one year prior to said sale or transfer without first offering such stock to the Board at the price

(CONTINUED ON PAGE 70)



This map shows the 34 states that have adopted, in recommended or modified form, the model Deferred Posting Statute of the American Bankers Association. It also shows the seven states which have independent deferred posting legislation, and the eight jurisdictions having no legislation of this type.

Deferred Posting Legislation

Legislation permitting deferred posting of depositor's ledgers has now been enacted in 41 states. The American Bankers Association's model Deferred Posting Statute has been adopted in recommended or modified form by 34 states. Independent deferred posting laws are in force in 7 states. They differ from the Deferred Posting Statute in various ways, particularly in that they do not require banks to give credit for items on the day they are received, as a condition precedent to delayed return of the items.

The Deferred Posting Statute was first recommended for enactment in all states by the A.B.A.'s Committee on State Legislation in December 1948. It was drafted as part of a project initiated by the A.B.A.'s Bank Management Commission to make deferred posting available to all banks.

All enactments of the Deferred Posting Statute occurred in 1949. Citations to 1949 session laws follow:

Arizona Chap. 100, § 10.
 Arkansas No. 190.
 California Chap. 755, §§ 1012, 1013, 1019.
 Colorado Chap. 124.
 Connecticut No. 147.
 Delaware S.B. 151.
 Georgia No. 132.
 Idaho Chap. 35.
 Illinois H.B. 828.
 Indiana Chap. 74.
 Iowa Chap. 225.
 Kansas Chap. 111.
 Maine Chap. 61.
 Maryland Chap. 441.
 Michigan No. 172.
 Minnesota Chap. 187.
 Missouri S.B. 181.
 Nebraska L.B. 69.
 Nevada Chap. 297.
 New Hampshire Chap. 65.
 New Jersey Chap. 243.
 New Mexico Chap. 52.
 North Dakota Chap. 110.
 Ohio S.B. 103.
 Oklahoma H.B. 92.
 Oregon Chap. 84.
 Pennsylvania No. 136.
 Rhode Island S.B. 143.
 South Carolina No. 247.
 South Dakota Chap. 21.

Utah Chap. 6.
 Vermont H.B. 418.
 West Virginia S.B. 140.
 Wisconsin Chap. 58.

Following are citations to independent deferred posting laws:

Ala. Acts '43, No. 129 § 3.
 Fla. L.'45, Chap. 22609.
 Mass. Ann. Laws (1948 Supp.) Chap. 107 § 111A.
 N.C. Gen. Stat. (1943) § 25-144, added by L.'49, H.B. 916.
 Texas Stat. (1943 Supp.) Art. 342-704.
 Va. Code Ann. (1942) § 5751-a, added by L.'48, Chap. 288.
 Wyo. Comp. Stat. (1945) §§ 35-1014 to 35-1016.

The following states have no deferred posting legislation:

District of Columbia
 Kentucky
 Louisiana
 Mississippi
 Montana
 New York
 Tennessee
 Washington

First in CANADA'S OIL FIELDS



The Royal Bank of Canada can answer your customers' questions about Western Canada's fabulous oil development whether they are interested in oil financing in any of its aspects or wish sound advice on establishing business connections in Canada.

The Royal Bank has had branches in Canada's oil fields since the earliest days. Our branch in Turner Valley was opened in 1928 — in Leduc, we opened just one day after the first producing well was completed — in Devon and Redwater, our branches opened last spring. So closely identified has this bank become with Canada's oil development that it has become known as the "R-Oil."

Please address your enquiries to —

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CANADA'S "OIL" BANK
See the Royal about Canada's oil

55 Branches in Alberta, the "oil" province. Over 720 branches in Canada, the West Indies, Central and South America. New York, London, and Paris. Head Office, Montreal.

ASSETS EXCEED \$2,222,000,000

**THE
ROYAL
BANK
OF CANADA**

BANK LAW NEWS

(CONTINUED FROM PAGE 68)

desired by the seller. Should the Board fail to accept such offer . . . such stockholder shall then be permitted to sell said stock to any person selected by him, provided, however, that said stock shall not be sold at a less price or on better terms than offered to the Board;" and that: "No stock shall be issued to surviving heirs at law or beneficiaries under Last Wills and Testaments of deceased stockholders or to Beneficiaries under Trusts, unless

(a) Such heirs or beneficiaries reside within 50 miles of the City . . .

(b) If the heirs or beneficiaries reside more than 50 miles from the City . . . then that either the decedent or the creator of the Trust shall have been actual bona-fide customers at least one year prior to the date of the death of the decedent or the creation of the trust . . ."

It was provided that these provisions be printed on all new stock certificates and that no dividends be paid on certificates not surrendered for replacement with new ones.

The reason for these restrictions, stated in the by-laws, was

" . . . to prevent more stock getting into the hands of non-resident owners who do no business with the bank."

Upon the suit of one who had inherited stock and been refused new certificates, the court held the restrictive provisions invalid and granted a writ of mandamus compelling the bank to issue new certificates free of such conditions.

In the first place said the court, the corporation code of Kansas does not authorize a corporation to so limit the

"Certainly your feet hurt; but what if you had to sit all the time?"



BANKING

while at the convention
be sure to see . . .

America's newest banking quarters *in three-dimensional full color!*

While you're attending the A.B.A. Convention in San Francisco, you are cordially invited to visit our Bank Building Analysts, Suite 2037-39 in the Palace Hotel. They'll show you remarkable three-dimensional color photographs of America's newest banking quarters. These revolutionary photos virtually take you right into these new banking quarters. By means of stereoscopy, you will be able to see outstanding examples of modern bank architecture, new ideas in banking layout, equipment, fixtures, furnishing and decor which are proving so successful throughout the country today. Even if you aren't interested in a new quarters project at this time, we believe you'll enjoy seeing these striking three-dimensional photos. We'll be there during the entire convention—Suite 2037-39, Palace Hotel, October 30 to November 2.

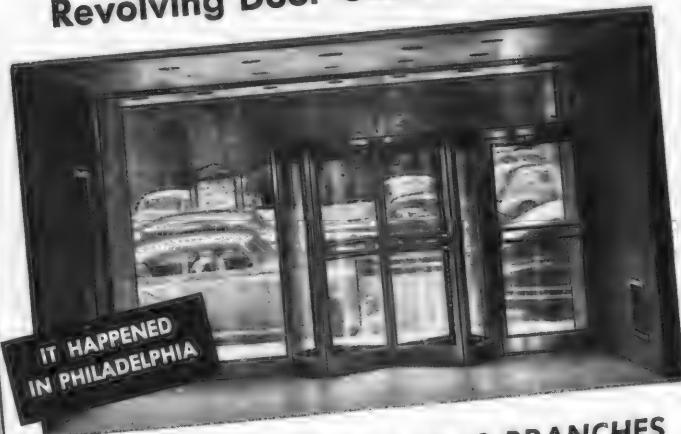


suite 2037-39 at the Palace Hotel, Oct. 30 - Nov. 2
AMERICAN BANKERS ASSOCIATION CONVENTION • SAN FRANCISCO, CALIFORNIA



OFFICES IN SAN FRANCISCO, NEW YORK, ST. LOUIS, FORT LAUDERDALE, DENVER AND NEW ORLEANS

Revolving Door Case File #442

NOW 13 OF 19 BRANCHES
ARE SERVED BY REVOLVING DOORS

Above is the new entrance to the Germantown branch of the Pennsylvania Company, one of Philadelphia's oldest banking organizations. Over a period of 30 years, this bank has installed many revolving doors in its offices, and now 13 of them are served efficiently by International-Van Kannel entrances.

This revolving door — crystal model with stainless steel metal work — embodies several outstanding features. It is a free-standing, floor-supported door, providing much larger glass area and a more inviting "front" for customers. For positive control of traffic, it has the floor-type speed control.

The entire entrance, including side swing door, sidelight and transom, was furnished by International. Drafts, dirt and noise from outside are eliminated to provide maximum comfort for customers and bank employees. This factor, plus harmonizing beauty and greatest safety, make it the best possible entrance.

*Architect — Robert Montgomery Brown, Philadelphia, Pa.

REVOLVING DOORS
PAY DIVIDENDS AT EVERY BANK ENTRANCE

The modern trend in bank design is to make every banking service quickly available. By stopping drafts and outside dirt, revolving doors make this not only possible, but attractive and comfortable, too! As a further aid to the profit picture, they provide extra usable floor space right up to the entrance itself. They also save up to 25% on heating and cooling expense. Of the many special and stock models, one is sure to fit your needs.

We'll be glad to help you solve your entrance problems. Write us today for complete details and recommendations.

REVOLVING
DOORS
INTERNATIONAL-VAN KANNEL
1712 Edgar Street
Evansville 7, Indiana

BANK LAW NEWS

(CONTINUED FROM PAGE 70)

rights of its prior existing stockholders, nor to prevent a stockholder or his legatee or heir from disposing of his stock without first offering it to the board of directors, and if they refuse it, to prevent him from disposing of it on better terms elsewhere.

Such provisions mean for example, said the court, that a stockholder could not give his stock to his child nor leave it to him in his will without first offering it to the board on the same terms.

Furthermore, said the court, the Kansas corporation code specifically forbids corporations to acquire their own stock. A board of directors is but the agent of a bank and as such, said the court, is ineligible to purchase the bank's stock.

Finally said the court, the provisions placing restrictions upon the descent of stock violate the state's probate code; those providing for the surrender of outstanding certificates attempt to take property without due process of law, and thus violate the Constitution. *Wentworth v. Russell State Bank*, 205 P.2d 972. *Paton's Digest*, Banks and Banking §2:1; Corporations §6A:7; Loans §6.

A ROSE BY ANY OTHER NAME . . .

Supreme Court decides that American Society of Composers, Authors and Publishers is a "banking institution."

A presidential Executive Order issued in 1941, pursuant to the Trading with the Enemy Act, forbade "all transfers of credit between any banking institutions . . ."

"Banking institutions" as defined in the order included "any person holding credits for others as a direct or incidental part of his business. . . ."

ASCAP (The American Society of Composers, Authors and Publishers), held certain credits for AKM, a similar Austrian association. After promulgation of the Executive order, the credits were transferred to a receiver appointed for AKM. Later, the transfer was called into question as a violation of the order.

With two justices dissenting, the Supreme Court held that ASCAP was a "banking institution" within the definition set forth in the order.

One can hardly disagree with the court's statement that "it is true that to make ASCAP . . . a banking institution by definition is a departure from the ordinary conception of the meaning of 'banking institution'." *Propper v. Clark*, 69 S. Ct. 1333.

Did you know?

...that a "cordwainer" is a shoemaker? . . . that the name comes from the Spanish city of Cordova famed for its fine leather? . . . that the "Federal Society of Journeyman Cordwainers" organized in Philadelphia in 1792 what was undoubtedly the first American "labor union"? . . . that in 1799 it called the first "strike" — with a paid "picket"? . . . that the trial of the Cordwainers union probably marked the real beginning of "labor law" in this country?

LABOR LAW Reports

• Here in CCH's practical LABOR LAW REPORTS is provided swift, complete, and dependable coverage of "labor law." The informative weekly issues span the whole work-a-day world of statutes, regulations, rulings, court and administrative decisions, returns, forms, reports, instructions concerning the important federal and state regulation of labor relations and wage-hour problems.

Coverage includes: Taft-Hartley Act, National Labor Relations Act, Fair Labor Standards Act, veteran's reemployment rights, anti-discrimination laws, government contracts law relating to labor, anti-injunction laws, state labor relations acts, state wage and hour laws, etc.

Pertinent amendments, regulations, rulings, interpretive bulletins, and court decisions are likewise promptly reported. Thus, subscribers always have the last word, the newest development, the latest twist and turn of events of interest or importance in the field of "labor law."

Write for Complete Details

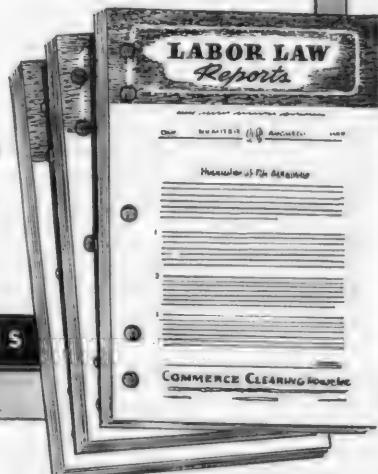
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Busy Minnesota

A guide to the possibilities of an agricultural program has been issued by the Minnesota Bankers Association, under the title, *He Profits Most Who Serves Best*. This excellent little booklet covers a wide variety of ideas, such as a bulletin board for items of interest to farm customers, an agricultural representative, use of a movie camera, a soil conservation program, youth activities, and so on. A very readable and full, though brief, discussion appears with each suggestion.

Another recent product of the MBA that should find a place on many bankers' desks is a book of direct mail letter suggestions. Many MBA members, it is explained, are unable to use newspaper advertising because they are located in communities where no papers exist. However, all have access to mail service, and the direct mail approach can be very helpful in telling the banks' story.

Subject matter of the letters includes auctions, checking accounts, loans, safe deposit boxes, savings accounts, collections, inactive accounts, account anniversaries, etc. Additional letters will be added to the collection from time to time.

The MBA has also issued a *Report of the Committee on Non-Banking Competitive Institutions*, which gives seven pages of information and statistics on the status of savings and loan associations in the state.

Change in Georgia

Bradford McFadden has resigned from the position of assistant secretary of the Georgia Bankers Association,



Some of the students and faculty members of the Vermont Institute of Banking

having purchased, with his father, Haynes McFadden, a publishing business. He will be succeeded by William Hosch, who has been manager of the agricultural department of the Chamber of Commerce of Atlanta.

The young Mr. McFadden's last official act is representation of the GBA at the American Bankers Association convention in San Francisco.

For Negro Youth

Promotion of soil conservation practices and cooperation with Negro farm youth are the basis for a public speaking contest for Negro high school pupils being sponsored by the North Carolina Bankers Association. Cooperating with the NCBA are agricultural and technical college staff members and professional workers in education and soil conservation. The topic of the contest, which will be carried on in 16 counties of

the state, will be "Social Aspects of Soil Wastage," according to Fred W. Greene, executive secretary of the NCBA.

"In adopting this additional educational activity," says Mr. Greene, "the agricultural committee recognizes that success can be brought about through effort on the part of individual banks. The program has, therefore, been thought of as that which will meet local and state needs, and we are urging every bank in the state to participate in carrying it out."

Connecticut PR

An issue of the Connecticut Bankers Association's *People & Banking* is entirely devoted to the CBA public relations program, which is outlined in five parts, one for each of the groups of people to which commercial banks

(CONTINUED ON PAGE 76)

Bankers all over America...

Use the
 in Chicago

Because each one of them receives the prompt, personal attention of experienced officers who devote all their time to correspondent bank relationships, banks all over America use the First in Chicago.

You, too, are cordially invited to avail yourself of the many advantages assured by our unique divisional organization—under which each officer is intimately acquainted with the activities, trends and financial problems of particular industries.

BANKS AND BANKERS DIVISION

JOHN J. ANTON	<i>Vice-President</i>
THOMAS J. NUGENT	<i>Vice-President</i>
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The First National Bank of Chicago

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Building with Chicago Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



At the Ninth Virginia Bankers Conference, Senator Harry F. Byrd (center) is greeted by Osmond T. Jamerson, chairman of the conference committee. At left is VBA Secretary Marchant D. Wornom; fourth and fifth from left are Colgate W. Darden, president, University of Virginia, and John S. Battle, governor-elect of the state.

(CONTINUED FROM PAGE 74)

"look for approval and support." These are: the general public, youth, the Press, bank employees, and bank customers.

The first phase calls for meeting the men and women of the state on two levels—statewide and community. The statewide level is typified by the CBA participation in the famous Danbury Fair. The community effort is left to individual banks or local groups of banks.

A Youth Program Committee is studying various aspects of its field—educational films, bank-industrial tours, youth enterprise incentives, scholarships, and cooperation with established youth organizations.

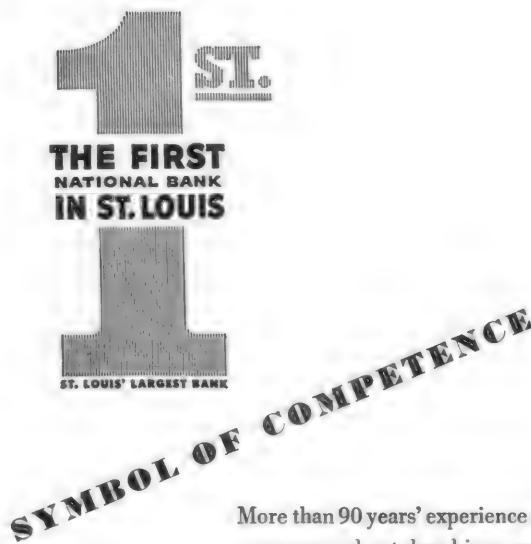
Good press relations were promoted by a public relations and press conference, held in New Haven in September, which was an opportunity for bankers and newspapermen to get together. A press research committee is now gathering data for authoritative press releases.

The CBA is endeavoring to round up information for its members on management policies and practices bearing on good employee relations, without intruding upon local situations.

Finally, study will be given to the improvement of customer relations, with results published from time to time in *People & Banking* or in special bulletins.

» » »

The Delaware Bankers Association recently held a joint meeting with the Delaware Society of Certified Public Accountants. Shaler Stidham, assistant vice-president, The Philadelphia National Bank, spoke on "What a Bank Expects from Public Accountants in Connection with its Loaning Activities," and Bernard B. Isaacson, Wilmington accountant, discussed "The Certified Public Accountant—His Responsibilities to Both His Client and Banks." ♦ ♦ ♦ Government economy and the report of the Hoover Commission were discussed at a joint meeting last month of the New Mexico Bankers Association and the state's Taxpayers Association. The meeting was held in connection with formation in the state of a citizens committee on government reorganization.



More than 90 years' experience with correspondent banking needs assures our correspondents of prompt, efficient transit and collection service. The First National Bank will be pleased to serve as your St. Louis correspondent.

Member Federal Deposit Insurance Corporation

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of September 30, 1949

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash, Gold and Due from Banks.....	\$1,194,580,598
United States Government Obligations.....	1,853,265,018
<i>Direct or Fully Guaranteed</i>	
Obligations of Other Federal Agencies.....	22,606 487
State and Municipal Securities.....	326,714.715
Other Securities.....	93,043,867
Loans and Discounts.....	1,346,355,859
Real Estate Loans and Securities.....	650,435
Customers' Liability for Acceptances.....	15,489,125
Stock in Federal Reserve Bank.....	7,500,000
Ownership of International Banking Corpora- tion.....	7,000,000
Bank Premises.....	27,108,201
Other Assets.....	3,328,979
<i>Total</i>	\$4,897,643,284

LIABILITIES

Deposits.....	\$4,526,158,895
Liability on Acceptances and Bills. \$26,125,343	
Less: Own Acceptances in Port- folio.....	9,518,784
16,606,559	
Due to Foreign Central Banks.....	14,565,300
<i>(In Foreign Currencies)</i>	
Items in Transit with Branches.....	7,692,524
Reserves for:	
Unearned Discount and Other Unearned Income.....	7,309,396
Interest, Taxes, Other Accrued Expenses, etc.	26,415,010
Dividend.....	2,325,000
Capital.....	\$124,000,000
Surplus.....	126,000,000
Undivided Profits.....	46,570,600
<i>Total</i>	\$4,897,643,284

Figures of Foreign Branches are as of September 25, 1949.

\$325,353,085 of United States Government Obligations and \$14,719,500 of other assets are deposited to secure \$247,603,951 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

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W. RANDOLPH BURGESS
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Committee

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BANKING NEWS

Programs for Two Important A.B.A. Conferences

Top Industrialists, Financiers Will Speak at National Credit Conference, Jan. 23-25

Several of the country's leading industrialists, financiers, economists, and government officials will address the Second Annual National Credit Conference of the Credit Policy Commission of the American Bankers Association at the Hotel Sherman in Chicago on January 23-25, 1950, according to Kenton R. Cravens, Commission chairman, in an announcement of a partial list of conference speakers. Mr. Cravens is vice-president of the Mercantile-Commerce Bank & Trust Co., in St. Louis.

"The First National Credit Conference in Chicago last December drew more than 1,000 top ranking bankers from all sections of the country," said Mr. Cravens, "and it was so well received that the Commission has decided to make it an annual affair."

At the opening session, F. Raymond Peterson, chairman of the board, First National Bank and Trust Co., Paterson, N. J., and recently elected A.B.A. president, will outline the objectives of the conference and Mr. Cravens will discuss today's business conditions.

1950 Outlook

The 1950 business outlook in such basic industries as steel, textiles, agriculture, machines and machine tools, and housing will be discussed at the sessions on the first day by outstanding industrialists in these fields.

Prominent bankers, in turn, at the second day's sessions, will discuss their job in servicing industry and agriculture during 1950 and consider sound credit policies in the light of existing and future business conditions. Government in finance, foreign credits, transportation, and banking in 1950 will hold the spotlight at the concluding session of the conference.

Among the banking and economic authorities who have accepted invitations to speak at the Second Annual National Credit Conference are the following:

Darryl R. Francis, vice-president, National Bank of



Kenton R. Cravens



W. A. McDonnell



Earl R. Muir

Commerce, Memphis, who will talk on agriculture in 1950; William A. Mitchell, president, Central Trust Company, Cincinnati, who will speak on the machine and machine tool industry; Dr. Willard E. Atkins, (CONTINUED ON PAGE 79)

Trust Men in 19 States Will Attend 18th Mid-Continent Conference in Chicago, Dec. 1-2

Look for Convention News in Next Issue

When this issue of BANKING reaches our readers, the 75th annual convention of the American Bankers Association, held in San Francisco, Oct. 30-Nov. 2, will have passed into history. Next month we will introduce the new vice-president and other Association officers, and give you some convention highlights.

A.B.A.'s 75th Birthday Will Be Celebrated at N.Y. Convention in '50

Clearinghouse Host to Bankers Sept. 24-27

The Diamond Anniversary Convention of the American Bankers Association to commemorate the Association's 75th birthday will be held in New York City on September 24-27, 1950, according to an announcement by F. Raymond Peterson, A.B.A. president for the current year.

In making the announcement, Mr. Peterson, who is chairman of the board of the First National Bank and Trust Company, Paterson, New Jersey, called attention to the fact that the A.B.A. was founded at a convention held at Saratoga Springs, New York, July 20 to 22, 1875. "For that reason," he said, "it is particularly appropriate that the Association celebrate its 75th Anniversary in New York, and we are grateful for the opportunity."

The invitation to hold the 1950 convention in New York (CONTINUED ON PAGE 81)

Trust men from 19 mid-western states will hear addresses by national leaders in business and finance at the 18th Mid-Continent Trust Conference in Chicago, Illinois, Dec. 1 and 2, according to John W. Remington, newly elected president of the Trust Division of the American Bankers Association. Mr. Remington is vice-president and trust officer of the Lincoln Rochester Trust Co., Rochester, New York.

The conference, which will meet in the Drake Hotel, is being sponsored by the A.B.A. Trust Division, with the Corporate Fiduciaries Association of Chicago acting as official host.

In addition to speeches on television and electronics, aptitude testing in banking, chemical developments, and the new Midwest Stock Exchange, the conference will hear addresses and hold discussions on the European situation, the business outlook, and current trust problems such as new business and trust cost accounting.

A feature of the second afternoon of the conference will be a Tax and Legal Clinic with leading attorneys discussing the legal and tax aspects of the trust business.

Tentative Program

Mr. Remington announced the following tentative program for the conference:

First Session:

Presiding: Merle E. Seelman, secretary, American Bankers Association, and deputy manager in charge of the Trust Division, New York.

Greetings: William P. Wiseman, president, Corporate Fiduciaries Association of Chicago, and vice-president and trust officer, Chicago Title and Trust Company, Chicago.

Our V.I.P.'s: Mr. Remington.

(CONTINUED ON PAGE 81)

BANKING

16,443 of U.S. Banks Are A.B.A. Members, Says Chairman Stieg

Only 300 Banks in 26 States Not Members

Membership in the American Bankers Association grew from 15,756, or 96 percent of the privately chartered banks, to 16,443, or 97.6 percent, during the three years Max Stieg, cashier, Dairymen's State Bank, Clintonville, Wisc., was chairman of the Association's Organization Committee. In his final report to the A.B.A.'s Administrative Committee, retiring Chairman Stieg stated that during his term he had had the personal satisfaction of associating with some of the most devoted workers in the A.B.A. family.

"Showing great perseverance and effectiveness, mixed with just the right amount of diplomacy," he said, "our membership organization has been able to cut the number of nonmembers to 306. During the year just ended, 300 new members were enrolled. The net increase in total membership, however, was only 232, because of mergers, liquidations, and members who did not renew.

"Although we are proud of this record, the major part of our efforts is directed towards maintaining the present membership."

Credit to Workers

Mr. Stieg said that the large numbers of new institutions chartered added to the task of the organization committee. He gave credit for the record which had been made during his term as head of the Organization Committee to the regional and state vice-presidents who gave so much of their time to maintaining the membership in their respective states and to enrolling newly organized institutions.

The A.B.A. now has a 100 percent representation in 22 states and the District of Columbia. At present there are just 300 banks, located in 26 states, which are not A.B.A. members.

Mr. Stieg laid the A.B.A.'s high membership position to its efficiency and varied work.

FHA Titles I and VI Get 4-Month Extension

William A. Reckman, chairman of the Federal Legislation Committee of the Savings and Mortgage Division of the American Bankers Association, in a preadjournment résumé of the status of housing and mortgage legislation, stated that Congress approved a resolution extending for another four months Government programs providing credit for private housing construction. At press time this measure was awaiting the President's signature.

Both Titles I and VI of the FHA would have expired on Nov. 1, 1949, except for this temporary extension. This is the third extension provision for both titles.

This extension was accomplished through the passage of S. J. Res. 134 by both Houses of Congress, in lieu of action by the Senate on the controversial provisions in S. 2246, known as the Housing Amendments Act of 1949.

The following provisions were made in S. J. Res. 134:

(1) Extension of FHA Title I to March 1, 1950; (2) extension of FHA Title VI to March 1, 1950; (3) addition of \$25-million to insure loans for construction, repair and modernization of small homes; (4) \$750-million to insure loans on one- to four-family dwellings;

(5) \$500-million to insure loans on rental housing projects; (6) authorized \$1-billion for purchase of additional home mortgages by the Federal National Mortgage Association; and (7) authorized the Federal National Mortgage Association to buy secondary mortgages on veterans homes at 100 percent of a lender's present holdings instead of 50 percent as now permitted.

Passage of this Resolution appears to end any further housing or mortgage legislation for this year.

A major housing bill, providing for slum clearance and the construction of 810,000 public housing units at a possible cost to the Government in subsidies of \$12-billion over a 40-year period, was passed July 15, 1949. Provisions for further liberalization of mortgage credit, direct loans to veterans by the Government, and large scale cooperative housing projects were

National Credit Conference Speakers

(CONTINUED FROM PAGE 78) chairman, department of economics, Washington Square College, New York University, New York, will review economic trends; Walter T. Robinson, president, Citizens State Bank, Donnellson, Ia., speaking on veterans credit; W. A. McDonnell, president, First National Bank, St. Louis (subject to be announced); and William F. Kelly, vice-president, Pennsylvania Company for Banking and Trusts, Philadelphia, on consumer credit.

Also, Albert C. Simmonds, Jr., president, Bank of New York and Fifth Avenue Bank, New York (subject to be announced); E. A. Mattison, executive vice-president, Bank of America, N.T.&S.A., San Francisco, on small business; Earl R. Muir, president, Louisville Trust Company, Louisville, Ky., on government in finance; and A. L. M. Wiggins, chairman of the board of the Bank of Hartsville, Hartsville, S. C., and of the Atlantic Coast Line, Louisville & Nashville Railroad, and former A.B.A. president and former Under Secretary of the Treasury, who will speak on transportation.

Additional conference speakers, including the industrialists appearing on the program, will be announced later.

Mr. Cravens said that factors giving the credit conference unusual timeliness are: (1) Continued unrest on the part of labor; (2) problems growing out of the transition from a sellers' to a buyers' market in the durable consumer goods field; and (3) bills introduced in the 81st Congress which seek to usurp the field of private credit by making available additional Government funds for direct and/or guaranteed loans and which would revive corporations such as the old Smaller War Plants Corporation.

also contained in S. 2246 which failed to be acted upon by the Senate. These liberalized housing and mortgage provisions will no doubt be brought before the next session of Congress.

Mr. Reckman is president of the Western Bank and Trust Co., Cincinnati.

Study on Your Bank's Relations With Schools Will Be Out This Month

2,200 Banks Cooperated in A.B.A. Survey

Twenty-two hundred banks cooperated with the Public Relations Council of the American Bankers Association in supplying information for use in the Council's fifth public relations study, *Your Bank's Relations With Schools* (in the bank—in the school), which will be released early in November.

Frank Zimmerman, principal of the Cranford (New Jersey) High School, was the educational collaborator on the study, which covers bank relations with local elementary and high schools, public and private.

This study, like the four previous booklets in the series, is designed to aid bankers in formulating a consistent and efficient public relations program. It covers a broad area of data and includes a yes and no quiz for bank use in making an appraisal of its existing school relations. Five suggestions for effective public relations are listed as follows:

5 PR Suggestions

(1) Your school-relations program should flow naturally from a cooperative relationship with school officials and teachers; (2) the program should be continuous; (3) there should be a definite plan, with central control; (4) your position should be that of offering helpfulness to the teacher, not of trying to do his job; and (5) attitude of top management is all-important—results will reflect your sincerity and determination.

In a summary of educational principles, Mr. Zimmerman suggests that (1) in speeches, talks or actual teaching the speaker reduce the subject matter and vocabulary to the age and grade level of the pupils; (2) the subject must be interesting to the group, and deemed worth while to them; (3) materials presented to schools for classroom use be well chosen; (4) assume that the average teacher and edu-

(CONTINUED ON PAGE 80)

New High School Film, Pay to the Order of— Is Released by A.B.A.

The first film in the American Bankers Association's high-school film series has been released by the Public Relations Council, chairmanned by J. Lewell Lafferty, vice-president, Republic National Bank of Dallas.

This film, "Pay to the Order of—," is black and white and is a 16 mm. sound motion picture running about 11½ minutes. It gives basic instructions on how to write a check, explains the various types of endorsements, reasons why checks are used instead of cash, and illustrates the route taken by the check before the payment is complete.

The subject matter of the films in this series will be based on actual surveys of high school officials and teachers. In a survey already made of 1,000 schools, bank checks rated at the top in school interest. Ninety percent of the schools said they would use a film on this subject. The second film will be on basic services of commercial banks; the third will feature savings accounts; and the fourth will deal with bank loans. New films will be produced at the rate of two a year as long as there is banker support for the program.

Distribution Plan

The plan of distribution calls for the purchase of prints of the films by banks and their donating them to their local high schools. The plan provides desirable local tie-in with schools, permits placing the name of sponsoring bank or group on the films, and opens the way for bankers to take part personally in the banking educational work of their local schools when their help is needed.

Immediate support of the film program, in the form of actual orders for the first film, has come from 154 sponsors. Considerably more than 154 banks are represented, however, because many of the sponsors are local and regional clearinghouses and other similar groups.

"Pay to the Order of—," is designed primarily for students just starting their study of banking and for other 9th to

A.I.B. Executive Council Will Hold Winter Meeting in Sea Island, Ga., on Jan. 23-26

The annual midwinter meeting of the Executive Council of the American Institute of Banking will be held at The Cloister, Sea Island, Georgia, Jan. 23 to 26, 1950, it has been announced by Hartwell F. Taylor, president of the Institute. Mr. Taylor is assistant vice-president of The Bank of Virginia, Richmond.

The Administrative Advisory, Educational Advisory, Finance, Nominating, Program, and Transportation committees of the Council will meet on Jan. 23, followed by regular business meetings of the entire Council on Jan. 24, 25, and 26.

Bank-School Relations Study About Ready

(CONTINUED FROM PAGE 79)
cator knows little about banking; and (5) schools are not a proper place for competitive advertising.

The topical headings in the study include the following: "Why Every Bank Should Have a School-Relations Program"; "Establishing and Maintaining Your Contacts With Schools"; "Personal Participation"; "Notes and Quotes on Banker Participation in School Programs"; "Making Arrangements for Bank Visit"; "The Tour Itself"; "Following Through"; "A Bank Tour"; "A Correspondent Bank's Tour Procedure"; "An After-Hours Tour"; "A Bank's Short Program"; "Notes and Quotes on Bank Tours"; "Notes and Quotes on Student Employment"; "Other Youth Activities of Banks"; "Notes and Quotes on Other Youth Activities of Banks"; and "Some Material and Sources."

J. Lewell Lafferty, vice-president of the Republic National Bank, Dallas, is the chairman of the Public Relations Council, and John B. Mack, Jr., A.B.A. deputy manager, is the director.

12th graders whom the school authorities feel would benefit from seeing it.

Dr. Harold Clark of Teachers College, Columbia University, New York, has prepared a teachers' manual, which is an important second unit of this teaching package. The Clark manual suggests the places in the school curriculum where the film can be used to best advantage. It gives teachers an outline for introducing the film, and provides answers

A.B.A. Members Get Routing Symbol Hints

Several suggestions on what a bank can do to advance the check routing symbol program jointly introduced four years ago by the Bank Management Commission of the American Bankers Association and the Federal Reserve System were sent recently to A.B.A. members by Evans Woollen, as president. In his letter to the membership, Mr. Woollen urged the banks to enlist the cooperation of their depositors whose checks do not carry the symbol in the approved location.

The suggestions to the banks fall into two categories: (1) Education, and (2) watchfulness.

Under education, he asked the banks to make sure that their own officers and employees know the correct routing symbol of the bank; where it should be located; to explain to them how universal adoption of the symbol will benefit the banks' customers, the banks, and the banking system; and to explain to customers how their cooperation will benefit all concerned.

The banks were also asked to keep a close watch over their own checks and those of customers to see that the symbol is included, that it is correct, and properly located.

A recent survey by the Commission disclosed that the routing symbol is now carried on 63 percent of all checks in circulation.

to questions that may be asked in the ensuing discussion.

The price of each print is \$50, plus \$10 additional if sponsor's credit line is placed on the front of the film.

A.I.B. Sights 50th Anniversary Member and Enrollment Goal

Chapters Plan Special Events in Jubilee Year

Early reports reaching the national office of the American Institute of Banking from chapters and study groups spotted around the country indicate that the Institute's Golden Anniversary goal of 100,000 members and 50,000 class enrolments will be reached by June 1950, according to Secretary Floyd W. Larson. The membership and enrolments for the 1948-1949 Institute year were 90,000 and 45,000, respectively.

A program of special activities to celebrate the American Institute of Banking's 50th Anniversary is rapidly taking shape. Clarence R. Chaney, vice-chairman of the board, Northwestern National Bank, Minneapolis, is chairman of the Institute's 50th Anniversary Committee.

Anniversary Committees

One hundred and fifty of the Institute's 249 chapters already have appointed anniversary committees to develop special events to mark the anniversary celebration, which will culminate with the A.I.B.'s 50th anniversary convention in Minneapolis on June 11-16, 1950. A selection from the historical displays of the various chapters will be shown there, and a special commemorative program will be held on Sunday evening, June 11, the eve of the opening of the regular convention sessions. Minneapolis was chosen as the convention site, because it was one of the first places in America in which the idea of banking education took form.

An important aspect of the national anniversary program is the setting up of a speakers' bureau for the use of individual chapters. Senior bank officers who have a background with the A.I.B. will be available through this bureau to deliver addresses at the Founders' Day and other special meetings. The executive councilman for each district will serve as a clearinghouse for requests for speakers in his territory.

Mid-Continent Trust Conference, Dec. 1-2

(CONTINUED FROM PAGE 78)

Making Trust Business Profitable in the Mid-Continent States: Gilbert T. Stephenson, director, Trust Research Department of The Graduate School of Banking, American Bankers Association, Wilmington, Del.

Survey of Present-Day Europe: Walter Lichtenstein, former vice-president, First National Bank of Chicago.

Second Session:

Presiding: Mr. Remington.

Trust Cost Accounting in 1949: R. A. Wilson, vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

Aptitude Testing in the Banking Business: William Powers, deputy manager and director, Customer and Personnel Relations, A.B.A.

Television and Electronics in Our Future: W. C. Eddy, captain U. S. Navy (retired), Television Associates, Inc., Michigan City, Ind.

Third Session:

Presiding: R. H. Trott, vice-president, Trust Division, American Bankers Association, and president, Rhode Island Hospital Trust Co., Providence.

Free Enterprise, Today and Tomorrow: Allan B. Kline, President, American Farm Bureau Federation, Chicago.

The Business Outlook: Howard R. Bowen, dean, College of Commerce, University of Illinois.

The New Midwest Stock Exchange: James Day, president, Midwest Stock Exc., Chicago.

Improved System of Issuing Lobby Posters to Start in December

A new and improved method of offering its poster service will be instituted in December by the Advertising Department of the American Bankers Association. Instead of the monthly subscription plan now in use, the Department will offer three 12-poster packages, each of which is devoted entirely to a particular banking service; i. e., savings, trusts, and commercial banking.

The poster sets will be protected by heavy kraft envelopes and shipped flat in strong cartons. This packaging will provide safe, clean, and easily accessible storage throughout the year.

Having the 12 posters available at one time will give banks a wider choice of material for each month.

The Origin of Chemical Developments: Dr. Albert Elder, research director, Corn Products Company, Chicago.

Luncheon:

Presiding: Mr. Wiseman.

Financing Our National Trusteeships: W. Randolph Burgess, chairman, executive committee, The National City Bank of New York.

Fourth Session:

Tax and Legal Clinic: William H. Dillon, of Concannon, Dillon & Snook, Chicago; past president, Section of Real Property, Probate and Trust Law, American Bar Association, leader. Clinic members:

A.B.A. to Celebrate Diamond Anniversary

(CONTINUED FROM PAGE 78)

was extended on behalf of the New York Clearing House Association by its president, George Whitney, president of J. P. Morgan & Co., Inc.; and the Clearing House Committee, the members of which are: S. Sloan Colt, president, Bankers Trust Company, *chairman*; J. Stewart Baker, chairman, Bank of the Manhattan Co.; N. Baxter Jackson, chairman, Chemical Bank & Trust Co.; Percy J. Ebbott, president, The Chase National Bank of the City of New York; and John C. Traphagen, chairman, Bank of New York and Fifth Avenue Bank.

Convention committees of New York City banks will be named later by the Clearinghouse. Hotel application forms will be sent to the A.B.A. members about March 1950. "No applications will be accepted by the hotels directly," Mr. Peterson stated. Official reservation forms will be used, and they will be handled by the New York Hotel Committee after it has been organized.

The last time the A.B.A. convention was held in New York was in 1922, except for a restricted wartime meeting there in 1943.

P. H. Moore, of Winston, Strawn, Shaw & Black, Chicago; A. H. Pierce, attorney, Chicago; R. H. Schultz, of Bluford, Krinsley, Schultz & Voorheis, Chicago; and H. B. Sutter, of Hopkins, Sutter, Halls, DeWolfe & Owen, Chicago.

A. B. A. MAILINGS

American Bankers Association mailings in recent weeks included the following material:

ADVERTISING: New "thank you" folder for year-end use, two new sets of Christmas Club advertisements, and Christmas Club blotter and folder-of-the-month, "Helpful Hints About Checks." To member banks and state secretaries.

CREDIT FILES: Booklet entitled *Simplified Credit Files and Procedure*, mailed to entire membership and state secretaries.

BANK COSTS: Letter with four enclosures, including booklet entitled *Current Trends in Bank Costs* giving up-to-date bank cost information; folder, *Checking Account Services*; service charge questionnaire; and advertising piece, *Cost Analysis and Service Charge Plans for the Smaller Banks*. To all A.B.A. members and state secretaries.

FARM CREDIT: Three-page study of agricultural credit extended to farmers by commercial banks, cooperatives, and government agencies. To agricultural committees of state associations, A.B.A. Agricultural Commission, directors of agricultural extension service of state colleges, A.B.A. Subcommittee on Agricultural Credit, state secretaries, and county agricultural agents.

TRUST ACCOUNTING: Circular containing descriptive letter, and order blank for handbook, *Recommended Cost Accounting Procedure for Trust Departments*. To Trust Division membership and state secretaries.

CALENDAR

American Bankers Association

Dec. 1-2 Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.
1950
Jan. 23-25 Second National Credit Conference, Sherman Hotel, Chicago, Ill.
Sept. 24-27 Diamond Anniversary Convention, New York, N. Y.

State Associations

Oct. 9-11 Kentucky, Brown Hotel, Louisville
Oct. 11-12 Nebraska, Cornhusker Hotel, Lincoln
Oct. 16-17 Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H.
Oct. 17-19 Iowa, Hotel Fort Des Moines, Des Moines
Oct. 21-26 Savings Banks Association of the State of New York, Cruise, S.S. *Nieuw Amsterdam* to Nassau
Nov. 2-3 Western States Secretaries Conference, Fairmont Hotel, San Francisco
Nov. 8-9 Arizona, Camelback Inn, Phoenix

Dec. 8-9 Southern States Secretaries Conference, Brown Hotel, Louisville

1950

Jan. 5-6 Eastern States Secretaries Conference, Commodore Hotel, New York
Mar. 29-31 Florida, Belleview Biltmore Hotel, Belleair
Apr. 19-20 Georgia, General Oglethorpe Hotel, Savannah
Apr. 23-25 Louisiana, Roosevelt Hotel, New Orleans

Other Organizations

Oct. 19-22 Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill.
Oct. 23-26 National Association of Bank Auditors and Controllers, Bellevue-Stratford Hotel, Philadelphia, Pa.
Oct. 25-28 National Association of Supervisors of State Banks, Reno, Nev.
Oct. 27-29 Association of Bank Women, San Francisco, Calif.
Oct. 31-Nov. 2 National Foreign Trade Council, Waldorf-Astoria, New York, N. Y.

Trust Department Cost Accounting Procedure • II

Income of the Trust Department

A discussion of the expense portion of Chapter II of Recommended Cost Accounting Procedure for Trust Departments appeared on page 123 of October BANKING. The material which follows is a discussion of the "Income of the Trust Department" and is part two of this same chapter. This new manual on trust department cost accounting was recently released by Committee on Costs and Charges of the American Bankers Association's Trust Division. Robert A. Wilson, vice-president of the Pennsylvania Company for Banking and Trusts, Philadelphia, is chairman of this committee.

After careful study the Committee on Costs and Charges concluded that the gross earnings of the trust department should be considered as being comprised solely of compensation received for services rendered and should include neither interest earned on trust department deposits nor earnings from the investment of the capital funds of the bank. This matter has also been referred to the Executive Committee of the Trust Division and other trustees, and the majority concur with the committee's decision.

It should be the aim of every trustman to have his division

show a margin of profit over the cost of furnishing a service on the basis of compensation received for that service. Any trust department which is not making a profit on the basis of the compensation for its service and has to rely on earnings from deposits or capital funds to supplement its compensation in order to show an over-all profit from its operations, should set as its goal an adjustment of its schedule of compensation so that a profit will result from furnishing the various services.

However, it is recognized that bank
(CONTINUED ON PAGE 84)

Schedule II—TRUST DEPARTMENT COST AND EARNINGS STATEMENT

	<i>Estates Division</i>	<i>Personal Trusts Division</i>	<i>Personal Agencies Division</i>	<i>Corporate Trusts Division</i>	<i>Stock Transfers Division</i>	<i>Total Trust Department</i>
Income:						
Compensation Collected.....						
Salary Expenses:						
Salaries—Officers.....						
All Others.....						
Expenses Related to Salaries:						
Bonuses or Cost-of-Living Payments.....						
Fidelity Bond Premium.....						
Group or Other Life Insurance Premiums.....						
Meals—Lunches and Suppers.....						
Other Employee Benefits.....						
Overtime Payment.....						
Retirement System Contributions.....						
Severance Allowances.....						
Sick-Leave Allowances.....						
Social Security & Unemployment Insurance Assessments.....						
Workmen's Compensation, etc., Premiums.....						
Occupancy Expenses:						
Maintenance and Occupancy Expenses.....						
Rent.....						
Other Expenses:						
Advertising.....						
Armored Car and Other Protective Services.....						
Directors' and Committee Fees.....						
Donations.....						
Examinations.....						
Federal Deposit Insurance.....						
Federal & State Banking and Other Banking Fees.....						
Furniture and Fixtures—Depreciation & Repairs.....						
Legal and Professional Fees.....						
Postage.....						
Subscriptions and Dues.....						
Supplies.....						
Tabulating and Other Machine Rentals.....						
Telephone and Telegraph.....						
Travel, Conferences, etc.....						
Miscellaneous.....						
Total Operating Expenses:						
Allocation of General Administration Expense.....						
Total Expenses (Before Income Taxes).....						
Net Operating Earnings (Before Income Taxes).....						
Allowance for Net Earnings on Trust Dept. Deposits.....						
Total Trust Department Net Earnings (Including earnings on Deposits)						

After the analyst has completed all the allocations recommended, he will then have on his work sheets all the figures necessary to prepare the cost and earnings statement of the trust department. The form of this statement should be substantially as shown here in "Schedule II".

DIRECTORS

EDWIN J. BEINECKE
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MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
September 30, 1949*

RESOURCES

Cash and Due from Banks	\$ 608,089,064.87
U. S. Government Securities	998,899,704.33
U. S. Government Insured F. H. A. Mortgages	13,440,616.36
State and Municipal Bonds	36,272,271.33
Stock of Federal Reserve Bank . . .	3,150,000.00
Other Securities	17,566,121.87
Loans, Bills Purchased and Bankers' Acceptances	555,237,009.89
Mortgages	14,431,852.68
Banking Houses	10,179,102.03
Other Real Estate Equities	450,815.40
Customers' Liability for Acceptances	4,016,079.69
Accrued Interest and Other Resources	6,547,518.02
	<u>\$2,268,280,156.47</u>

LIABILITIES

Capital	\$45,000,000.00
Surplus	60,000,000.00
Undivided Profits	32,093,716.47
Reserve for Contingencies	\$ 137,093,716.47
Reserves for Taxes, Unearned Discount, Interest, etc.	4,505,491.12
Dividend Payable October 15, 1949	8,905,314.01
Outstanding Acceptances	1,350,000.00
Liability as Endorser on Acceptances and Foreign Bills	4,552,297.88
Cash held as Collateral or in Escrow	2,584,796.63
Deposits	14,921,623.15
	2,094,366,917.21
	<u>\$2,268,280,156.47</u>

United States Government and other securities carried at \$91,091,645.49 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

Head Office: 55 Broad Street, New York City

MORE THAN 75 OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

*Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation*

Cost Accounting Procedure • II

(CONTINUED FROM PAGE 82)

management should be informed of the full earning power, both direct and indirect, of the trust department in relation to other bank functions, and for this reason provision has been made in the trust department cost and earnings statement (Schedule II) for the net earnings on trust department deposits to be added to its *net income* from operations.

The compensation received represents the gross earnings of the various

divisions of the trust department, which, when reduced by the cost of furnishing the services as determined by the method heretofore outlined, shows the profit earned or the loss sustained in furnishing such services.

The compensation actually collected should be analyzed and allocated to the earning divisions into which the trust department has been divided. This analysis can best be accomplished by maintaining an analysis sheet showing

the credits to compensation from day to day. This analysis should be part of the regular bookkeeping system of the trust department.

Interest Earned by Deposits

The computation of interest earned by trust department deposits, for the purpose of informing management of the full earning power of the trust department, requires the maintenance of an analysis sheet, or if desired, of separate control figures in the bookkeeping system, of the deposits held for accounts under each of the earning divisions into which the trust department has been divided. In a small bank, where such an analysis, or separate control figures, would not be used, it would be sufficient to analyze the accounts at quarterly periods and from that source to determine the average balances on deposit with the bank. In addition to the balances appearing on the ledgers of the trust department, there should be included the outstanding and unpaid treasurer's, or cashier's checks issued by the trust department, which amounts should also be distributed to the earning division based on the accounts originally charged. Here, too, in the small bank the distribution to the earning divisions can be based on a quarterly review.

From the total of the average trust department deposits there should then be deducted the legal reserves required to be maintained by the bank under state or Federal regulations, and also the amount, if any, of uncollected items or "float" covering checks on other banks deposited by the trust department.

The net figures so determined are the available funds of the trust department which the bank is able to invest. It is on this figure that the trust department should be allowed interest at the average rate earned by the bank on all its loans and investments, after taking the bank's uninvested cash position into consideration, less the cost of making and maintaining such loans and investments, federal deposit insurance, and an allowance for bad debt losses. The resultant rate is then applied to the net available funds of the trust department, the maintenance and activity costs of the accounts are deducted, and the resultant net earnings are allocated to the respective divisions of the trust department based on the amount of funds made available by each. In banks where a complete cost accounting system is not in use, the net earnings on trust department deposits may be approxi-

THE NATIONAL CITY BANK OF CLEVELAND

Statement of Condition

SEPTEMBER 30, 1949

ASSETS

Cash and Due from Banks	\$114,638,421.03
United States Government Obligations	256,909,559.71
Other Securities	23,671,380.20
Loans and Discounts	104,914,777.23
Investment in Banking Premises	2,549,957.24
Customers' Liability on Acceptances and Letters of Credit	2,777,312.92
Accrued Interest	1,279,945.25
Other Assets	846,191.67
	<hr/>
	\$507,587,545.25

LIABILITIES

Capital Stock (625,000 shares)	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	5,705,951.65
General Reserve	\$ 25,705,951.65
	2,556,885.69
Dividend on Capital Stock	
Payable November 1, 1949	218,750.00
Acceptances and Letters of Credit	2,777,312.92
Accrued Interest and Expenses	1,047,648.03
Deferred Credits and Other Liabilities	1,734,480.98
Corporation, Individual and	
Bank Deposits	\$342,578,779.01
Savings Deposits	69,049,761.77
Trust and Public Deposits	22,006,397.48
U. S. Government War Loan Account	39,911,577.72
	473,546,515.98
	<hr/>
	\$507,587,545.25

NOTE: United States Government and other securities carried at \$65,642,945.18 are pledged to secure trust and public deposits, U. S. Government War Loan Account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

mated by applying the same earning rates and account maintenance and activity cost factors used in the analysis of business accounts for service-charge purposes.

In those cases where the trust department is an independent corporation and invests its own deposits, the rate applied to the funds available is the average *net* earning rate on funds invested by the corporation. In the determination of this rate, the actual expense of making and maintaining loans and investments, and a bad debt loss allowance should be deducted. Any costs involved in handling the deposit accounts should be deducted from the earnings arrived at on this basis.

In those localities where, by reason of tradition or law, the trust department's deposits are placed with another bank or trust company, the amount of trust department deposits on which interest earnings are allowed should be considered as being the equivalent amount of any reciprocal balances carried in the bank by the other bank or trust company involved and treated as if the funds were actually left in the bank of which the trust department is a part.

Wherever it is legally necessary that the trust department pay interest on its uninvested and undistributed trust deposits, the amount of such interest paid should be deducted from the credit as determined by one of the foregoing formulas. The resulting balance will be the amount of credit which the trust department should receive as allowance for the interest earned on its deposits in preparing the cost and earnings statement.

"He has a living trust. She won't be able to run through his fortune, like she did the last one . . . and she's not going to like that!"



November 1949

TO HELP YOU FOLLOW BUSINESS TRENDS IN THE PACIFIC NORTHWEST



Our quarterly digest of business, industry and agriculture, the Summary of Pacific Northwest Industries, will bring you carefully prepared information about current conditions and long-range data to help you determine trends in this important region.

If you wish to be placed on our mailing list to receive this Summary regularly, please advise us.



Serving Washington since 1870



Heard Along Main Street

Bill Edens Honored

Cook County's portion of the new six-lane road between Chicago and Milwaukee has been called the Edens Superhighway in honor of WILLIAM G. ("Colonel Bill") EDENS, retired vice-president of the Central Trust Company of Illinois where for 27 years he was associated with General Charles G. Dawes.

A bronze plaque at a completed overpass of the highway says the road was named in honor of Mr. EDENS "for his unselfish devotion to the cause of good roads in the State of Illinois and Cook County." The marker was unveiled on October 8.

From 1912 to 1920 Mr. EDENS led campaigns of public education to promote highway improvement in the state and county. His efforts culminated in voter approval of bond issues totaling \$83-million—financing that literally pulled Illinois out of the mud with a 5,000-mile network of paved roads.

Nearing 86 years of age, Colonel BILL has behind him a long career of service. His activity in the American Bankers Association and the Illinois Bankers Association included terms on their executive councils, and he was a founder of the group system in the state organization.

He takes particular pride in his 63 years of membership in the Brotherhood of Railroad Trainmen and in his part, as a Post Office Department official at the turn of the century, in the establishment of rural free delivery.

The plaque was unveiled by Colonel BILL's granddaughters, CHARLOTTE and NANCY EDENS.

Cow-Milking Bankers

Two Litchfield County bank officers competed in a cow-milking contest as the featured attraction at a recent fair in Litchfield, Connecticut.

The contestants, who had not milked a cow in more than 25 years, were AL-

BERT CLOCK, president of the First National Bank of Litchfield, and CHARLES BEAUJON, JR., cashier of the Canaan National Bank.

Mr. CLOCK won the judges' decision by extracting 2.3 pounds of milk in five minutes from Josie, a Guernsey. His opponent, who had a handicap of height, reach and grip, was able to get just two pounds from Lila, another Guernsey.

One of the judges was Lieutenant Governor WILLIAM T. CARROLL, vice-president of the Brooks Bank and Trust Company, Torrington. He told the contestants that the attitude of the milker toward the cow would be considered in deciding the winner. But Mr. CLOCK's superior technique and production brought victory.

The winner received a milk pitcher as a prize. Mr. BEAUJON got a set of glasses.

After the contest the cows were milked dry in a barn—away from the contestants, crowd, photographers, and radio announcers.

"Jefty" O'Connor

JUDGE J. F. T. O'CONNOR, former Comptroller of the Currency, died in Los Angeles on September 28 at the age of 63.

Appointed by President Roosevelt to the bench of the U. S. District Court for the Southern District of California in 1940, Judge O'CONNOR was Comptroller from 1933 to 1938. He resigned

to run for the governorship of California, but was beaten in the primaries.

Mr. O'CONNOR, whom President Roosevelt nicknamed "Jefty," helped organize the Federal Deposit Insurance Corporation and became its vice-chairman. He was a graduate of North Dakota and Yale universities and at one time was a law partner of the late William G. McAdoo.

Secretary of the Treasury JOHN W. SNYDER, who was a bank examiner when Mr. O'CONNOR was Comptroller, said: "I well remember my fine association with Judge O'CONNOR during the banking crisis of the 1930's, which he handled so capably for the Treasury. His record as a lawyer and a jurist was in the finest tradition of the American bar and bench."

135 Years Old

WHEN the Delaware County National Bank of Chester, Pennsylvania, celebrated its 135th anniversary early this fall, it invited to the birthday party nine other Pennsylvania banks that also started business in 1814.

Opening on December 5 of that year as The Bank of Delaware County, the bank was chartered under the Pennsylvania Omnibus Bank Law which permitted establishment of 41 financial institutions, 10 of which survive. Here are the names of the others, together with the representatives they sent to

(CONTINUED ON PAGE 88)

Albert W. Clock, right, president, First National Bank of Litchfield, Conn., smiles as he is told he won the milking contest. Looking on, l. to r.: Lt. Gov. W. T. Carroll, vice-president, Brooks Bank and Trust Co., Torrington; C. A. Beaujon, Jr., cashier, Canaan National Bank, the runner-up; Edson Dawson, judge





How these 7 men work for you and your bank

THESE men are part of a Bankers Trust Company team whose responsibility is the handling of the Bank's out-of-town business.

The aim of each man, and the experienced staff working with him, is to help our customers with their New York banking arrangements, and to point the way to the effective use of the many services this Bank offers.

Here are six typical services that are available to you:

Government and Municipal Bonds
As a primary dealer we maintain an active market. All prices are net.

Portfolio Analysis

We will analyze your bond account,

advise on arrangement of maturities, recommend what to buy and sell.

Pension Plans

We will be glad to work with you on your own pension problems and those of your customers.

Collections

Fast, dependable collection of coupons, bonds, checks, notes, drafts, trade acceptances, bills of exchange.

Credit Information

Prompt, thorough reports prepared

by a large and well-trained staff.

Foreign Banking

Including collection of foreign items, exchange transactions, and financing of overseas shipments.

You will find that these men go beyond the routine in the handling of your business. They will be glad to work with you on any of the problems that concern banking transactions in New York.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 86)

the Delaware County's anniversary dinner in Chester on September 22:

The National Bank of Chambersburg, W. H. FISHER, president; The National Bank of Chester County and Trust Company, CHARLES E. FORBES, cashier; The Easton National Bank, ROBERT J. LAUB, executive vice-president; Farmers' National Bank of Bucks County, JOSEPH GRUNDY, board chairman; The National Bank of Germantown and Trust Company, GLENN K. MORRIS, president; Gettysburg National Bank, C. A. WILLIS, presi-

dent; The Harrisburg National Bank, GEORGE R. REILY, president; The York National Bank and Trust Company, WILLIAM C. WAGNER, cashier; and the Montgomery National Bank of Norristown, W. FREDERIC ZIMMERMANN, president.

The Delaware County National's birthday dinner, held at a local hotel, was also the occasion for honoring 29 members of the staff who had been with the bank for 10 years or more. A special one-page edition of the Chester *Times*, published by the bank for the anniversary, included a history of the bank, a story of the dinner, and a statement by

the bank's president, C. PERCY WEBSTER.

An editorial called attention to the fact that during the bank's existence all Presidents of the United States had been living, with the exception of Washington. The bank was organized shortly before Francis Scott Key wrote "The Star Spangled Banner." Although it officially opened on December 5, 1814, it had accepted deposits prior to that date.

RAYMOND N. BALL, president of the Lincoln-Rochester Trust Company of Rochester, New York, has been made a director of the Equitable Life Assurance Society of the United States. Mr. BALL is chairman of the Research Council of the American Bankers Association and a member of the banking board of the New York State Banking Department.

LOUIS H. NORTHRUP, assistant vice-president of the First National Bank of Chicago, has retired after 24 years of service. For the last 12 years he was in charge of the new business department and since 1944 also supervised the bank's advertising.

Approximately 1,200 of the 1,387 men and women who have been on the staff of the Chase National Bank, New York, for 25 years or more were honor guests at a dinner given by the bank. Board Chairman WINTHROP W. ALDRICH, and President PERCY J. EBBOTT, were hosts and speakers. A total of 172 employees reached their quarter century marks this year. Oldest active staff members

GEORGIA'S EXPANDING, SUH!



1939-MFG PURCHASES \$18,000,000
1949 " " 84,000,000
AN INCREASE OF 364%
IN TEN YEARS!!!

...and the best way to obtain quick service and assure prompt advice and counsel on business problems in this rapidly expanding area, is through the excellent correspondent facilities of the Friendly Fulton. We invite your inquiry.

The **Fulton** NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

FAST • DEPENDABLE • COOPERATIVE

To Whom It Must Concern:

An alert, dependable correspondent in the nation's capital is a "must" for every bank with active dealings here. American Security & Trust Company makes a business of handling every type of bank transaction that can be useful to you, in Washington, and handling it quickly, accurately, personally.

American Security

& TRUST COMPANY
WASHINGTON, D.C.

DANIEL W. BELL, President

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

50 Years

The Garnett (Kansas) State Savings Bank, recently celebrated its 50th anniversary. In a condensed statement signed by Vice-president SENNETT KIRK, a comparison was made between the figures 50 years ago and today. On September 6, 1899, when the bank was organized, it published this statement:

Resources	
Loans.....	\$ 140.00
Expenses.....	40.00
Cash.....	6,354.00
	\$6,534.00
Liabilities	
Capital.....	\$5,000.00
Deposits.....	1,534.00
	\$6,534.00

Its last statement showed resources totaling \$3,216,318.52.

in point of service are Vice-president CHARLES F. PUCKHAFER and MAX FRIESMUTH. They have completed 48 years.

The New York Clearing House Association, at its 96th annual meeting, elected GEORGE WHITNEY, president of J. P. Morgan & Co., Inc., as president to succeed WINTHROP W. ALDRICH, chairman of Chase National Bank. S. SLOAN COLT, president of Bankers Trust Company, was named chairman of the clearinghouse committee, the association's most important group. Mr. WHITNEY was Mr. COLT's predecessor in that office.

WILLIAM G. RABE, vice-president and director of Manufacturers Trust Company, New York, is now on the bank's general administrative committee.

ALBERT R. STELLING and JOHN M. SHONSEY have been made vice-presidents of the Live Stock National Bank of Omaha. Mr. STELLING, formerly assistant cashier, has served on the Committee on Real Estate Mortgages of the A.B.A. Savings Division.

The York National Bank of Saco, Maine, has elected BERNARD C. BROWN to the executive vice-presidency. He is also cashier.

WILLIAM L. DAY, a vice-president of The Pennsylvania Company for Banking and Trusts, is a new member of the board of managers of The Philadelphia Saving Fund Society's board of managers.

Executive Vice-president L. L. Gellerstedt, of the Citizens & Southern National Bank, places the last hand on the fourth face of a Westminster chimes clock that has been hung on the bank building in Atlanta.



John Watts



E. B. McInerney

JOHN WATTS is now European representative of the Bank of the Manhattan Company, New York. He succeeds ERNST C. OPHULS, who has been appointed an assistant vice-president and attached to the main office. Mr. WATTS, at one time with J. P. Morgan & Com-

pany, was recently in a New York stock exchange firm.

E. B. McINERNEY, manager of the London, England, branch of The Royal Bank of Canada since 1929, has been appointed to the bank's board of directors. He relinquished his London post on October 31.

CHARLES W. McCORD, formerly assistant secretary of the Chemical Bank & Trust Company, New York, is now assistant treasurer of Meinhard, Greef & Co., Inc., a New York factoring firm.

JOHN T. DOCKERY, JR., is manager of

Since 1857

HELPFUL CORRESPONDENT SERVICE *In St. Louis*

Whatever your correspondent requirements, from Transit to Trust, you'll find competent, experienced, specialized service at Mercantile-Commerce.

That's why so many hundreds of banks have designated Mercantile-Commerce their correspondent in the key city of St. Louis . . . since 1857.



a new branch of First National Bank of Arizona in Eloy.

Vice-president E. N. HOLGATE of the First National Bank of Arizona, has succeeded SYLVAN C. GANZ as manager of the First Phoenix branch. Mr. GANZ retired October 1. Mr. HOLGATE is former secretary of the Arizona Bankers Association.

ALFRED W. C. SPINDLER has been a second vice-president of Guaranty Trust Company of New York.

CHARLES W. SMITH is a new assistant vice-president of Security-First National Bank of Los Angeles.

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CORRESPONDENT
bank business is our
business. If you require
banking service in Se-
attle, we cordially invite
you to use Pacific Na-
tional.

THE PACIFIC NATIONAL BANK OF SEATTLE

"The Bank of Business"

Second
at
Marion
PNB
Seattle
11

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Another mural, seventh and last of a series depicting New York 150 years ago, has just been installed in the main office of the Bank of the Manhattan Co. It shows the horse-driven pump of the old Manhattan Co., which once supplied New York with water. Two officials of the company, John Stevens and Samuel Osgood, are watching the operation and listening to Superintendent John Browne



EMIL R. DICKMAN, vice-president of the First National Bank, Oshkosh, Wisconsin, has completed 50 years of service with the bank.

GRAHAM PORTER, formerly assistant cashier of the First National Bank of St. Joseph, Missouri, has joined the Traders National Bank of Kansas City, Missouri, as assistant vice-president.

HAROLD S. REEDER, former vice-president of the First National Bank, Paris, Texas, is now a vice-president of the Mercantile National Bank at Dallas. CECIL M. RHODES, recently trust officer of the City National Bank, Galveston, has gone to the Paris bank as vice-president and trust officer, succeeding MORRIS FLEMING.

The Barnett National Bank of Jacksonville, Florida, has elected ALLEN N. STAINBACK senior assistant vice-president. He was formerly vice-president and trust officer of the Alamo National Bank, San Antonio.

First National Bank & Trust Company of Greenfield, Massachusetts, has made D. ROLLIN ALVORD, cashier since 1919, vice-president and cashier. PAUL W. BITTNER, formerly assistant trust officer and assistant cashier, has been elected vice-president and a trust officer.

Loring L. Gelbach, president, Central National Bank of Cleveland, awards U. S. Savings Bonds to four staffers who attained highest scholastic ratings in the A.I.B. courses offered by Cleveland Chapter. *Left to right*, Assistant Cashier Forde U. Steele, immediate past president of the chapter; Barbara Daniels; John Crow; Stella Sample; Fred W. Brush, personnel department manager; Mary Lou Stabbal; and Mr. Gelbach





W. A. Mitchell



J. P. Hickok

Bankers on New ICC Committee

WILLIAM A. MITCHELL, president of the Central Trust Company, Cincinnati, is chairman of the new Committee on Monetary Relations of the U. S. Council, International Chamber of Commerce.

Members of the committee are: J. M. BARKER, chairman, Allstate Insurance Company, and MEYER KESTNBAUM, president, Hart, Schaffner & Marx, Chicago; JOSEPH M. DODGE, president, The Detroit Bank; W. LINN HEMINGWAY, chairman, Mercantile-Commerce Bank & Trust Co., St. Louis; J. CAMERON THOMSON, president, Northwest Bancorporation, Minneapolis; WILLIAM W. CROCKER, president, Crocker First National Bank of San Francisco; RUSSELL G. SMITH, executive vice-president, Bank of America National Trust & Savings Association, San Francisco.

Also, I. C. RAYMOND ATKIN, vice-president, J. P. Morgan & Co., Inc., New York; W. RANDOLPH BURGESS, chairman, executive committee, National City Bank of New York; S. SLOAN COLT, president, Bankers Trust Company, New York; LIONEL D. EDIE, economist; R. J. MCKIM, president, Associated Dry Goods Corporation; MARCUS NADLER, professor of finance, New York University; WILLIAM S. ROBERTSON, president, American and Foreign Power Company, Inc.; JAMES GRAFTON ROGERS, president, Foreign Bondholders Protective Council; LEO N. SHAW, senior vice-president and manager of the overseas division, National City Bank of New York; and MORRIS S. ROSENTHAL, president, Stein, Hall and Company, Inc., New York.

Mr. MITCHELL has had wide experience in foreign banking. Prior to becoming president of the Central Trust Company in April 1949, he was vice-president and director of J. P. Morgan & Co., Inc. Previously he was associated with the Royal Bank of Canada, as senior officer of the Paris, France, branch and later at the Montreal head office in Montreal as supervisor of branches in South America, Europe and New York.

The committee is the outgrowth of

the June Congress of the International Chamber of Commerce in Quebec. One of the major problems to be considered by the group will concern the future role of the pound sterling and means of establishing currency convertibility.

JAMES P. HICKOK, president of the Manufacturers Bank and Trust Company of St. Louis since 1943, will join the staff of the First National Bank in St. Louis on January 2 as an executive vice-president and a director. Mr. HICKOK, a member of the Executive Committee of the State Bank Division, American Bankers Association, is a past

president of the Missouri Bankers Association. His first banking experience was with the Arkansas National Bank, Hot Springs, from 1926 to 1928. He came to St. Louis in 1933 as executive vice-president of the Manchester Bank and was its president until 1943. WILLIAM C. CONNETT, also an executive vice-president of the First, will continue in that capacity.

WILLIAM C. ADAMSON, vice-president and cashier of The First National Bank of Atlanta, and a member of the A.B.A. Bank Management Commission, died September 14 after a long illness.

We cordially
invite the
accounts of banks and
bankers desiring prompt
service in the handling
of checks and drafts.

The **FIFTH THIRD UNION TRUST CO.**
CINCINNATI, OHIO

Member
Federal Reserve System

Member
Federal Deposit Insurance Corporation

Los Angeles Harbor Area, nation's 1948 leader in fish-tonnage handled: 460,000,000 lbs., mainly tuna, mackerel, and sardines for canning. In 1948, we sent to banks throughout the country collections totaling over \$19,000,000 covering shipments of canned fish. If a correspondent connection here would be of value to you, we invite your account.



SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

STATEMENT OF CONDITION

SEPTEMBER 30, 1949

RESOURCES

Cash and Due from Banks.....	\$ 286,650,888.45
U.S. Government Securities.....	\$ 996,075,062.58
State and Municipal	
Securities	40,830,561.08
Other Bonds and	
Securities	11,145,829.74
Loans and Discounts.....	1,048,051,453.40
Earned Interest Receivable.....	361,915,434.01
Customers' Liability under Acceptances and L/C	6,784,246.91
Bank Premises	2,742,298.50
Vaults, Furniture and Fixtures.....	4,198,066.52
Other Assets	659,845.37
TOTAL	\$ 1,711,096,662.96

LIABILITIES

Capital	\$ 30,000,000.00
Surplus	30,000,000.00
Undivided Profits	26,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	86,000,000.00
Interest Collected—Unearned	21,145,666.79
Acceptances and Letters of Credit Liability	2,404,642.33
Other Liabilities	2,742,954.90
Deposits—Time	145,467.23
—Demand	\$ 634,397,421.21
—Demand	964,260,510.50
TOTAL	1,598,657,931.71
Securities carried at \$113,919,736.32 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.	\$ 1,711,096,662.96

BOARD OF DIRECTORS

George M. Wallace, Chairman	
James E. Shelton, President	
Elmo H. Conley	Robert E. Gross
L. W. Craig	Ralph B. Lloyd
Shannon Crandall	Maynard McFie
Thomas A. J. Dockweiler	William B. Munro
Gabriel C. Duque	Gurney E. Newlin
James B. Gist	John O'Melveny
	Fred B. Ortman
	John J. Pike
	Chester A. Rude
	C. C. Teague
	Edward R. Valentine
	C. T. Wienke
	Dr. John C. Wilson

128 OFFICES AND BRANCHES

Member Federal Reserve System • Member Federal Deposit Insurance Corporation



J. F. Hallett



Vernon Wooten

JOHN F. HALLETT, formerly assistant vice-president and territorial officer of the Chemical Bank & Trust Company, New York, has joined the staff of the First National Bank in St. Louis as a vice-president.

VERNON WOOTEN is a new vice-president of the Trust Company of Georgia, Atlanta, in charge of the recently opened West Peachtree office.

WILLIAM V. SOWERS, formerly a lawyer in Indianapolis, has joined the trust department staff of the Fort Wayne (Indiana) National Bank.

DOUGLAS DRUMMOND is now a trust officer of the First Trust and Deposit Company, Syracuse, New York.

DAVID S. INGALLS, World War I aviator and former Assistant Secretary of the Navy for Aeronautics, has rejoined the directorate of The Cleveland Trust Company. He left the board in 1929 for the Navy position which he held for three years. He was once director of public health and welfare for Cleveland.

HENRY E. LEE, formerly executive vice-president of the National Boulevard Bank, Chicago, was elected president, succeeding the late J. DE FOREST RICHARDS. JAMES C. COX, president of William Wrigley Jr. Company, is now chairman of the board, while HUGH M. DRISCOLL, formerly vice-president, is executive vice-president and a director. Mr. LEE, who began his banking career as an office boy at the First National Bank of Chicago in 1913, joined the Boulevard in 1921 as paying teller. Another new director is LOUIS SCHAEFER, vice-president and cashier. Mr. SCHAEFER was a member of the first class at The Graduate School of Banking.

H. E. Lee

H. M. Driscoll



BANKING



C. D. Rahmer



H. C. Moore

CLIFFORD D. RAHMER and HIGHLAND C. MOORE have been elected vice-presidents of The National City Bank of New York. Mr. RAHMER will supervise the bank's activities in Pennsylvania, New Jersey, Delaware, West Virginia, and Kentucky. In that work he succeeds Vice-president LOUIS F. SPERRY who becomes associated with Vice-president HOBART H. MCPHERSON in managing the Fifth Avenue branch which moves to new quarters in December. Mr. MOORE is at the 42nd Street and Madison Avenue branch.

Continental Illinois National Bank and Trust Company's "old-timers," 699 strong, attended a Chicago dinner party given for the men and women who have been with the bank 25 years or more.

F. REGINALD GISBORNE, JR., formerly vice-president and secretary of The Greenwich (Connecticut) Trust Company, has succeeded HUGH D. MARSHALL as president. Mr. Marshall retired. Other changes made BENJAMIN BLACKFORD, JR., executive vice-president; JOHN F. GALVIN, JR., vice-president; and CARLTON E. ABBOTT trust officer. EUGENE G. BLACKFORD, board chairman, continues as executive head of the bank. President GISBORNE joined the staff in 1919 as a bookkeeper.

EDWARD F. GEE, vice-president of State-Planters Bank and Trust Company, Richmond, Virginia, has been elected to the board of directors of Robert Morris Associates.

Central Bank of Oakland has opened a branch in Hayward, with G. F. POWERS in charge. JULIUS HAHN has been made head of the Lafayette branch.

The recently opened Berkeley Street office of The First National Bank of Boston welcomed 18,000 visitors during its first three days of operation.

The Idaho First National Bank plans to establish an auxiliary drive-in branch in Coeur d'Alene.

Guaranty Trust Company of New York has appointed ELIE DELVILLE as

manager and HENRY B. DYKE as secretary of its Brussels office. Mr. DELVILLE succeeds OMER V. CLAIBORNE, who has retired after 30 years of service with the bank, principally in Brussels.

WALTER E. RHODES has been elected a trust officer of the Mountain Trust Bank, Roanoke, Virginia.

California Bank, Los Angeles, has made EDWARD L. JOHNSON an assistant secretary.

H. DOUGLAS DAVIS, president of The Plainfield (New Jersey) Trust Company, has completed 40 years with the bank. Mr. DAVIS formerly served on the Executive Committee of the Trust Division, American Bankers Association, and is on the thesis examination panel of The Graduate School of Banking. He is also a past president of the New Jersey Bankers Association.

HAL W. CROSS was recently appointed assistant cashier of Union Bank & Trust Company of Los Angeles.

Fidelity Union Trust Company of Newark, New Jersey, has acquired the Irvington (New Jersey) National Bank which it is operating as a branch.

OSCAR A. SCHULTZ, president of the Bank of Commerce and Savings, Duluth, has been elected vice-president of Marquette National Bank of Minneapolis. He will continue in the presidency of the Duluth bank until the first of the year.

Central Valley Bank of California has appointed SYDNEY S. CLARK vice-president in charge of public relations, with headquarters in Richmond. He has been in charge of securities distribution for the bank.

JOHN L. ANDREW has been made a vice-president of the First National Bank in Houston. JAMES D. LEA is a new assistant vice-president.

EMMETT E. SULLIVAN is a newly elected assistant cashier of the City Bank of Detroit.

J. L. Andrew



E. E. Sullivan



The Southern Commercial and Savings Bank of Pasadena opened for business on September 17. Its president is ARTHUR O. GARRETT, former president of the Pasadena First National Bank.

Miss RUTH D. SEBKABACH has been appointed assistant cashier of The South Shore National Bank of Chicago.

The First National Bank of Lafayette, Louisiana, is planning to enlarge its facilities.

The Charter Bank of Philadelphia has remodeled its Arch Street office.

The Bank of Virginia's Newport News office plans to move into new quarters early next year.

The Montclair (New Jersey) Trust Company announces that HERBERT C. LOOKUP, formerly with the Central Hanover Bank & Trust Company and W. C. Langley & Company, both of New York, has joined its staff as assistant secretary. He will be in the investment division of the trust department. KENNETH W. L. GLENN, in the same department, has been made an assistant vice-president.

The Idaho First National Bank system of Boise has acquired the business of the Bonner County National Bank in Sandpoint and established it as a branch.

CHARLES M. MENZIES has retired after nearly 40 years of service with the New York agency of the Bank of London & South America, Ltd.

HERBERT W. RITTER is a new assistant cashier at the Corn Exchange National Bank and Trust Company of Philadelphia.

Installing a resident auditing plan for its statewide operations, The Bank of Virginia, Richmond, has appointed FRED G. BRITTL, JR., general auditor. PAUL M. ANDERSON is resident auditor for the Richmond and Petersburg offices, THOMAS B. HALL for Norfolk, and JOHN H. LAND for Portsmouth and Newport News.

ROY G. GLASS, who was vice-president of the Tradesmen's National Bank of Oklahoma City at the time of its sale to First National Bank and Trust Company, has joined the staff of The Liberty National Bank of that city as vice-president. He has been a banker for 36 years.

Methods and Ideas

(CONTINUED FROM PAGE 45)

papers, the ads attract attention by picturing the unusual items that pass for money in curious corners of the world. With the drawings appear, in cartoon style, several of the natives to whom such things as feathers, porpoise teeth, sea shells, and tobacco are cash. Each ad is headed "This Is Money."

In the Solomon Islands, for instance, the copy points out, "If you could use porpoise teeth for money, as do the tycoons of the typhoon belt, financing your business would be relatively simple." However, in the good old U. S. A. "dollars alone will do . . . the kind of dollars that Fidelity makes available to many businesses through its commercial department. If your business needs money, come in and talk it over. . . ."

Promoting a New Branch

The FIRST NATIONAL TRUST AND SAVINGS BANK of San Diego, California, used an extensive promotion campaign to introduce a new branch with drive-in facilities.

A broad newspaper advertising schedule was followed by attention-getting ceremonies on opening day. Anderson Borthwick, executive vice-president—arrived at the new office by helicopter with several bags of cash from the main office; Harold B. Starkey, president of the chamber of commerce, drove up to the drive-in window, cut a ribbon, and then made the first cash deposit in the branch.

Light refreshments were served to several thousand visitors who swarmed into the building to inspect its modern facilities.



The young Pickenses — Bill, 13; John, 6; Pat, 11; and Bob, 9 — at the desk of Board Chairman Germany



News in a Bank

Here's an example of bank happenings that make news, provided you recognize their value and then pass along the facts to the papers.

Four young children of W. L. Pickens, who lives in Highland Park, Texas, recently opened their own checking accounts at the HIGHLAND PARK STATE BANK, affiliated with the Republic National Bank of Dallas. Father Pickens told the bank that he believed his three small sons and one daughter should learn to handle their own finances and to keep accurate records of what they spend.

So into the Highland Park came the little Pickenses. Somebody with a news sense arranged for a photographer to take a picture while the chairman of the bank's board, E. B. Germany, helped them make out their first deposit slips.

A news release, distributed by the Republic National, pointed out: "Although savings accounts are held in

large numbers by children, it is unusual for four children from the same family to have their own checking accounts and to start learning how to handle money at such young ages."

Estate Planning Forums

The MERCANTILE NATIONAL BANK at Dallas, Texas, held four weekly trust forums last month for the purpose of bringing its customers and friends up-to-date information from specialists in insurance, taxation, and trusts.

The first of the meetings in the bank's auditorium concerned the use of trusts in estate planning. The second covered Federal estate and gift taxes, the third life insurance in estate planning, while the fourth provided an opportunity for the audience to participate in the actual planning of an estate.

Speakers included trust men, tax specialists, and insurance experts.

Correspondent Conferences

Managing a country bank will be one of the topics discussed at a correspondents' conference sponsored by the FIRST NATIONAL BANK of Chicago on November 28 and 29. A panel of country bankers will speak on running a bank, problems of country bank management, and consumer credit.

Other topics on the conference agenda include the bond portfolio, public relations and savings, auditing, taxes, insurance, and legal problems.

This is the third conference for correspondents held under the bank's auspices.

The FIRST NATIONAL BANK IN ST. LOUIS holds its third annual correspondents' conference on November 19. Speakers include: Chester C. Davis, president of the Federal Reserve Bank

BANKING

of St. Louis; Dr. Marcus Nadler of New York University; Gwilym A. Price, president of Westinghouse Electric Corporation; Ray J. Miller, vice-president and personnel director of the bank; and Vice-president Robert D. Kerr.

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY of Pittsburgh had its 20th economic meeting on October 14, with John M. Hancock, chairman of Jewel Tea Company and a partner of Lehman Brothers, as the principal speaker. Herbert M. Kaufman, vice-president of Manufacturers Trust Company, New York, discussed security precautions and legal problems. A luncheon for correspondents was addressed by Edward T. Leech, editor of the Pittsburgh *Press*.

On the Air Waves

CENTRAL NATIONAL BANK of Cleveland is offering, on WNBK, a television newscast, "It Happened Today." The five-minute program, Monday through Friday at 6:55 P.M., uses news pictures. The sponsorship was renewed recently for another 13 weeks.

PEOPLES FIRST NATIONAL BANK AND TRUST COMPANY of Pittsburgh is sponsoring, on KDKA, a radio program, "Americans, Speak Up!", devoted to the future of America and to the stimulation of thinking and the encouragement of the American way of life. A nationally known personality is presented at each of the Saturday evening programs. Among the speakers are the British publisher Cecil Palmer, Ernest

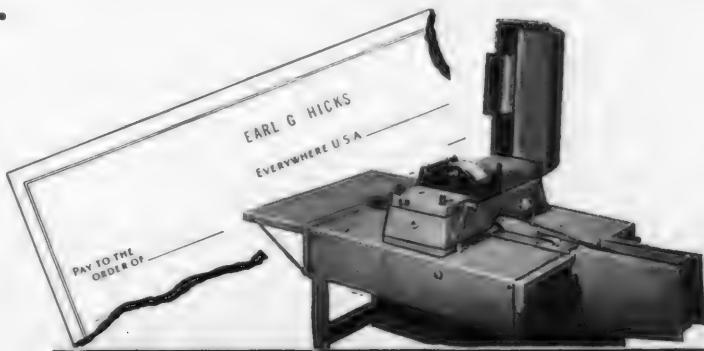
This news photo display helps promote the television program sponsored by Central National Bank of Cleveland

When the City National Bank & Trust Co. of Oklahoma City opened its new home it set up in the lobby a panel, right, displaying pictures of the opening. The panel simulated the building

T. Weir, Captain Eddie Rickenbacker, Reverend Norman Vincent Peale, Gene Tunney, Robert Montgomery, and Ginger Rogers. Each guest is interviewed, and prizes are offered to challenge listeners to express their own opinions about the American way of life.

In Brief

FIRST NATIONAL BANK of York, Pennsylvania, held an open house to



This new Check Imprinting machine Saves TIME and MONEY Increases PROFITS for your bank!

This is it—the new Todd pocket-check Imprinter that enables any employee to imprint and bind a filler in a few moments! ...A revolutionary principle of inking produces hair-line clarity in imprinting depositor's name and address.

The Imprinter de-skills pocket-check imprinting...can be operated by any employee...eliminates detail of ordering from outside supply sources...speeds delivery to depositor. By imprinting customer names on *all* pocket checks, you avoid costly mis-sorts and mis-postings. The Imprinter is banking's newest public relations tool...makes possible the kind of service that builds customer good will and *invites* new business.

Get the whole story, simply by mailing the coupon below. Send it now, while it's handy.



THE TODD COMPANY, Inc., Rochester 3, N. Y.

Please send complete information about the new Todd pocket-check Imprinter. No cost or obligation to me.

Bank _____

Address _____

City _____

Zone _____ State _____

By _____

B-11-49

mark the completion of extensive improvements. Visitors received a folder containing a short history of the bank, an outline of its services, and a description of the changes in the main banking room, mezzanine, and bookkeeping department.

NORTHWEST BANCORPORATION, Minneapolis, has completed a revision of its group pension plans, providing for uniformity of benefits and employee costs. Benefits are increased and contributions of the 3,600 employees are slightly decreased.

FIRST TRUST AND DEPOSIT COMPANY of Syracuse, New York, now has an

"auto teller"—two windows recessed into the building, with a marquee to protect customers from weather. Arrangements have been made for brief parking near by.

FULTON NATIONAL BANK has assumed sponsorship of Atlantans' telephone time service.

THE TEXAS BANK AND TRUST COMPANY of Dallas celebrated completion of its modernization and expansion program with an open house on October 11.

Bank Tries Out New Automatic Teller

The SPRINGFIELD (Massachusetts)

INSTITUTION FOR SAVINGS is trying out the first working model of an automatic teller designed by a resident of nearby Longmeadow.

The teller is described as "a depository designed to offer a quick, convenient way to bank without waiting." The bank's interest in the machine is primarily to cooperate with the inventor and the manufacturer in testing the public's reaction.

In an advertisement announcing the service the bank explained the teller's operation as follows:

"(1) Prepare your deposit, withdrawal, or loan payment just as you would for the teller behind the counter.

"(2) Seal your completed forms, money, bankbook, etc., in the special automatic teller envelope. Be sure to write your name and address on the outside.

"(3) Insert the sealed envelope in the upper slot of the machine, following directions on the outside of the envelope.

"(4) Take the specially numbered receipt for your envelope out of the bottom slot. The bank will return by mail the same day your bankbook, a check for money withdrawn, or your received loan payment notice, as the case may be."

A potential use of the machine, reports the Institution, could be in factories and stores as a banking facility for employees, saving the time consumed in trips to the bank.

The teller, designed by Kenneth H. Pond, was shown by the bank at a recent meeting of the Savings Banks Association of Massachusetts.

Works Both Ways

Allison's Coupon Books do the double job of handling both mail and personal payments with equal simplicity and economy.

There are no pass books to mail back—no receipts to complete—and no advance notices to send. This system has what it takes to save you trouble and expense in notifying, receiving and posting Time Credit Accounts.

For Complete Information and Samples Write to Head Offices at Indianapolis 6, Indiana

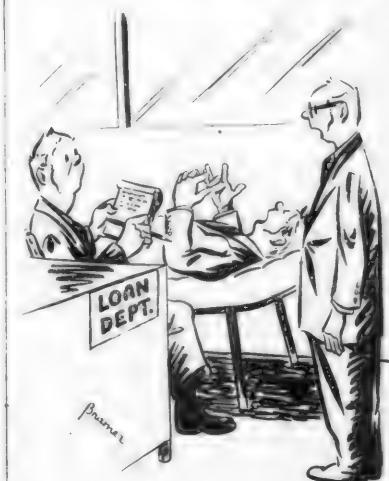
Complete facilities for Correspondents

assure you of prompt, efficient handling of every type of banking transaction. Our extensive services are at the disposal of all banks.

**CITY NATIONAL BANK
AND TRUST COMPANY of Chicago
208 SOUTH LA SALLE STREET**

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)

"After all, Armsby, there's only so much personal history we can use"



BANKING

Blanket Bond Rates

A REQUEST that the basic rate charged for Bankers Blanket Bond, Form No. 24, be reduced by an average of about 12 percent, to the lower basic rates applicable to the No. 2 form of the bond, has again been proposed to the surety companies by the Insurance and Protective Committee of the American Bankers Association. This step was taken because of the continuing favorable loss experience under both forms of bankers blanket bonds.

The Committee has also recommended that (1) coverage against loss through misplacement and mysterious, unexplainable disappearance be made a component part or standard coverage in insuring clauses B and C of Form 24

without any premium loading, and (2) substantial reductions in rates charged for Securities (forgery) Insuring Clause E.

"Apart from loss experience and differences in coverage under Blanket Bond Forms 2 and 24," said Chairman George C. Bennett, "the No. 2 bond is now more than 27 years old and banking operations and exposures to loss have long since changed and expanded so drastically as to find Form 2 outmoded. Like other forms of bankers blanket bonds, form 2 has been subjected to several improvements, but there appears no need for more than one form of blanket bond and that should be the latest Form No. 24."

Statement of Ownership

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933 AND JULY 2, 1946, OF BANKING, published monthly at New York, N. Y., for October 1, 1949.

State of New York, county of New York, ss. Before me, a Notary in and for the State and county aforesaid, personally appeared William R. Kuhns, who, having been duly sworn according to law, deposes and says that he is the Editor of BANKING, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, and July 2, 1946, embodied in section 537, Postal Laws and Regulations, to wit:

¶1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, The American Bankers Association, 12 East 36th St., New York 16, N. Y.; Editor, William R. Kuhns, 12 East 36th St., New York 16, N. Y.; Managing Editor, None; Business Manager, John J. Rooney, 12 East 36th St., New York 16, N. Y.

¶2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The American Bankers Association, 12 East 36th St., New York 16, N. Y. (A voluntary unincorporated association of banks); F. Raymond Peterson, Chairman of Board, First National Bank and Trust Co., Paterson 14, N. J., President; Harold Stonier, 12 East 36th Street, New York 16, N. Y., Executive Manager.

¶3. That the known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: None.

¶4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

WILLIAM R. KUHNS, *Editor*

¶Sworn to and subscribed before me this 29th day of September 1949.

¶Elizabeth Rautanen, Notary Public, Bronx County, Bronx Co. Clk.'s No. 48, Reg. No. 136R0, New York Co. Clk.'s No. 292, Reg. No. 333R0. Certificate filed in Westchester County.

¶(My commission expires March 30, 1950.)

Mr. Bennett, assistant comptroller, Bankers Trust Company, New York, stated that "for the first time in banking history, on February 1, 1949, the inland marine insurance companies adopted a single, standardized form of Registered Mail and Express Policy. This modernized, standard form of contract embodies all of the improvements suggested by the Insurance and Protective Committee and effected by riders since March 1, 1947, plus several other concessions voluntarily granted by the companies."

In response to A.B.A. recommendations, the Surety Association of America increased the discount on bankers blanket bonds formerly granted to trust companies engaged exclusively in fiduciary operations from 25 to 50 percent, thereby reducing premiums $33\frac{1}{3}$ percent. The Association also extended the No. 24 blanket bond to cover losses sustained by bankers through the acceptance of counterfeit U. S. currency and coin.

The Committee also calls attention to a loss-payable endorsement, available countrywide, for attachment to automobile fire, theft, comprehensive, and collision policies which gives the banks protection similar to the real estate standard mortgage clause. Lienholding banks should be named as *sole* loss payees, Mr. Bennett said. Continuing, he said that to "fully protect the banks' interest, where an insured borrower has disappeared or died without filing proof of loss with the insurance company, the automobile policy itself should be amended to authorize proof of loss being filed by the lienholder within 60 days after notice that proof was not filed by the named insured."

Bank burglaries and holdups increased slightly in the Association's last fiscal year over the previous year. Burglars and bandits perpetrated 86 robberies, compared with 84 similar attacks in the preceding year, while 17 holdups and 32 burglaries were frustrated, against 13 holdups and 36 burglaries in the earlier period.

Youth is the period when you wash your face on the towel.

A speeder takes the right of way both before he has his accident and after he is in the ambulance.

Wealth is a worry if you have it and a worry if you don't have it.

The Gold War

(CONTINUED FROM PAGE 35)

It is a simple fact, easily observed, that, when other nations devalue, trade relationships are disturbed and some of our industries, or we as a nation, suffer injury. That is one of the evils of devaluation. Ordinarily, but unfortunately not always, such devaluations take place because the countries that devalue are in difficulty. But if we suffer from their devaluation, we should expect that they would suffer from our competitive devaluation. The logic, and fact, is that, by joining them in their misfortunes, we add to their difficulties and to ours too. If one sees an instrument of transportation, such as an automobile, wrecked on the side of a road, the driver of a functioning car does not suppose that there is some gain to be had by wrecking his automobile, too. But in the monetary field something peculiar possesses our thinking. We become confused when the transportation vehicle is money. We are willing to make our vehicle get us less when we see another nation's monetary vehicle getting less and less for it.

The widespread supposition that competitive devaluation is not only defensible but really beneficial is one of the most outstanding aberrations of the last two decades.

The Danger to Confidence

Another very important consideration, in so far as the United States is concerned, is that should we devalue again after maintaining fixity in our standard monetary unit for only 15 years, such an act doubtless would destroy for generations to come the faith of our people in the willingness or ability of our Congress to maintain a fixed monetary unit for our people. We would probably become "Europeanized" in our thinking, planning, saving, investing, and productive activity. Any careful student of the frequent devaluation by a government of a people's currency—one may look at France for example—should be able to see the far-reaching demoralizing effects of such destruction of confidence of a people in the future value of their money.

We maintained our unit unchanged for practically a century prior to the enforced depreciation of our dollar in 1933

Honest Money

ADDRESSING a group of Canadian financial leaders in Montreal, Francis Adams Truslow, president of the New York Curb Exchange, said: "We must restore integrity to our systems of money."

"We cannot do this," he asserted, "unless we deny to our representatives in government the power to hide unsound policies behind arbitrary controls of prices at home and artificial expressions of value abroad."

Mr. Truslow said two trends had been developing in the last several years: "We have seen on the one hand a rising thirst for government-granted security, for pensions, for medical aid, for relief of various sorts from uncertainties which men have faced independently in the past. On the other hand we have for several years experienced a falling-off in the purchasing power of our monies. In many ways the same policies of government have both whetted this thirst for security and debased the money in which that security is measured."



HARRIS & EWING

Senator Harry F. Byrd of Virginia: "We have a great responsibility in America today. If the American dollar goes down, the whole world will go back to an age of darkness. The American dollar is the only standard of money value that the entire world has confidence in. As rich as we are, there are limits beyond which we cannot go"

and the devaluation of our standard unit in 1934, and this was a period of phenomenal growth, of great capital accumulation, and of great progress for us. This was also true of England from 1816 to 1914 and for other countries so long as they maintained their monetary standards.

The Basis of Prosperity

It is on the basis of fixity, not change, in a standard monetary unit that a nation prospers. The repeated changes of monetary standards since 1914 have done immeasurable harm to the countries concerned; and, of course, this has reflected itself into other countries. The whole world has suffered. It is of course true that, if a nation is engulfed in war and loses its metallic money reserve or piles up promises to pay beyond the capacity of the remaining and expected reserve to redeem them, devaluation may be necessary. But it is nevertheless a misfortune. It is, if properly done, a legal recognition that a situation prevails that cannot be overcome. That is the situation in various countries abroad today.

The United States is in no such position. It has a fixed monetary unit that it has maintained for 15 years and can maintain indefinitely unless we fail to arrest the course of profligate spending and waste we are pursuing. We have an ample supply of gold to support redeemability unless our Government has in fact, in our people's opinion as demonstrated under a system of free redemption, destroyed our faith in our Government's fiscal and monetary policies beyond what some of us assume is the case.

Whatever the facts may be, we should make a test of our condition. The sooner this is done the better and safer it should be. Our non-gold dollar has been permitted by our Government to depreciate in terms of our standard unit both here and abroad. That is a symptom of danger. Our Government should end that danger promptly.

Consumer Credit News

(CONTINUED FROM PAGE 62)

Tim J. Gallivan of the Mercantile-Commerce Bank and Trust Company, St. Louis, wrote recently on a somewhat different tack. Personal lending on the theory that "every man is basically honest" may have its sentimental merits but may prove to be a costly business practice, according to Mr. Gallivan. "Making personal loans to great numbers of borrowers without thorough credit check may be all right for large metropolitan lenders where the experience may be said to resemble life insurance actuarial experience; but unless the spread of risk is truly great, it is more likely that your portfolio will contain an abnormal percentage of the dead beats. These dead beats have a knack of gravitating toward the institution that is careless in its credit policy; and you may rest assured that they will all beat a path to your door, once the news of leniency is noised about. Since 5 percent of all borrowers cause most of the collection trouble, make sure that no more than 5 out of 100 of your borrowing customers are sub-standard or marginal risks, lest your faith in human nature become badly shaken. If you command only half of the personal loan volume available in your community, but that half includes all the undesirable 5 percent, you wind up with not 5 percent but with 10 percent of your personal loans giving you collection trouble."

Both Right

Mr. Diefenbacher and Mr. Gallivan are both right, of course. Sloppy credit practices would naturally lead to greater losses. But Mr. Diefenbacher makes an interesting point when he says that losses on personal loans rarely make up a noticeable factor when compared with operating costs.

Several months ago BANKING quoted the experience of a large Philadelphia bank which insisted that losses on unsecured loans were much less than those with some collateral. It was found that many a man would allow the bank to repossess his washing machine; but, on a signature loan would try mighty hard to keep his signature from denoting a poor credit risk. The less the collateral the more the self-respect, it would seem.

Mr. Gallivan doesn't actually say that most people aren't honest. He says that good credit practices must be used to see that banks don't get the dead beats.

"Yes, Mr. Banker, this inventory can stay right here on your customer's premises... and St. Louis Terminal will issue valid warehouse receipts as collateral for your loan"



BANKERS PROFIT THREE WAYS BY USING St. Louis Terminal Field Warehouse Receipts for Loan Collateral

1. Create New Loans secured by bonded warehouse receipts
2. Convert open-line credit customers to a secured loan
3. Increase the amount of the customer's loan safely



Don't pass up opportunities for profitable loans. Today's inventories are high in relation to liquid capital.

Wire or write our nearest office today. Ask for free booklet explaining field warehousing.

ST. LOUIS TERMINAL WAREHOUSE CO.

Quarter of a Century of Warehousing Service

ST. LOUIS 2, MO.
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DALLAS 1, TEXAS
Construction Bldg.

CHICAGO 3, ILL.
First Natl. Bank Bldg.

KANSAS CITY 6, MO.
Waldheim Bldg.

CINCINNATI 2, OHIO
Carew Tower

MEMPHIS 3, TENN.
Sterick Bldg.

you told us what you wanted...



new One-hand form insertion saves waste motions, assures positive form alignment. To the operator, this means greater speed, far less possibility of error.

new Positive visible alignment means greater speed and accuracy in posting. Every figure posted is visible at all times during the aligning operation.

new Statement-ledger end lock warns operator when last posting line is reached. Operates automatically regardless of length of form used.

new Simplified single function motor bars automatically select proper posting column. New positive balances print automatically.

WHEREVER THERE'S BUSINESS



Here it is!

BANK BOOKKEEPING MACHINE!

new

Feather-touch motor bars take 75% less effort . . . reduce errors caused by fatigue. Operators do more work with less effort.

new

Easy key depression takes 33% less effort than on former models . . . cuts operator fatigue and increases efficiency.

new

Dual platen construction allows list posting *during* the posting run. Check lists can be made on a separate tape; list totals can be posted without rehandling any figure.

new

Automatic count for all checks, check corrections and returns, deposit entries, deposit corrections and accounts active.

new

Control keys simplify the handling of *all* adjustments during the posting run . . . no memo records required.

new

Color harmony of this new Burroughs has been carefully planned to reduce eyestrain.

Burroughs presents a new bank bookkeeping machine whose every feature has been dictated by the needs of today's banking. Here is the fastest and easiest way to boost production and lower the cost of bank posting. The host of new features in the Burroughs bank bookkeeping machine bring new speed, new simplicity, to the figure-work of banking . . . bring new ease of operation and assure increased accuracy.

Let Burroughs show you *all* the advantages of the new bank bookkeeping machine. Call your local Burroughs representative today!



THERE'S

Burroughs





Ellison Street Office exterior of President Peterson's bank



Meet President Peterson

(CONTINUED FROM PAGE 36)
a state bank examiner after he separated from military service and came back to Kansas. Very soon, however, he returned to active banking as cashier of the First State Bank at Cherokee, a town of about 1,200 population.

The next milestone on the road to President Peterson's present national eminence was the year 1922 when he became a national bank examiner. For more than a decade he examined banks in most sections of the Tenth, Eighth, Eleventh and Second Federal Reserve Districts. This work continued until 1935 except for one interlude of two years, in 1927 and 1928, when he served as vice-president and cashier of the Citizens National Bank, Okmulgee, Oklahoma.

"I remember," he said, "examining

the National Bank of Commerce in Houston, Texas, in January 1930 when its deposits were less than \$11-million."

Pete's education has never ended. After high school he attended the state normal school at Pittsburg for a time, then went to the Gem City Business College at Quincy, Illinois. It was there that he attended classes under Ed Bartelt, now Fiscal Assistant Secretary of the Treasury. Professor Bartelt taught a course in the "Actual Business" Department, and, according to his now distinguished Kansas pupil, the professor gave his classes the business. The students learned by doing, instead of out of books, and they stayed taught. For example, there were several actual operating banks set up and the students ran them, made loans and handled real money. Also there were bona fide mer-

chandising operations carried on regularly in which grain, potatoes and other products were handled. Part of the course was to make deals and carry through genuine transactions with the other students on the basis of individual businesses, partnerships and corporations.

The educational process goes right on today through Pete's attendance at the weekly Nadler Forum in New York University. He has rarely missed one of these classes since he started in January 1936 and is now president of the "Money Marketeers," an organization of bankers and business executives growing out of the Nadler Forums. In contrast to the thoughtful and hard-working forum, which meets every Wednesday during the school year, the "Money Marketeers" do a little relax-

Clifton Main Avenue Office



Clifton Parker Avenue Office





Straight Street Office



Totowa Office

ing when they get together. Several times a year they forgather and regale themselves with programs consisting mainly of home talent, which seems to be in abundant supply among this group.

In 1936 Pete was elected executive vice-president of the First National Bank and Trust Company of Paterson, Paterson, New Jersey, and the following year became president of that institution. In 1942 he became chairman of the board as well as president. Subsequently Benjamin P. Rial became president.

Upon the consolidation of the First National Bank and the Paterson National Bank on June 1, 1946, he became chairman and chief executive officer of the consolidated institution, the First Paterson National Bank & Trust Company. On November 1, 1948, The Second National Bank of Paterson was merged with the First Paterson National Bank & Trust Company; and the

name of the succeeding institution was changed to the First National Bank and Trust Co. Mr. Peterson was elected chairman of the board of the continuing bank.

Mr. Peterson has been active in the affairs of the New Jersey Bankers Association and the American Bankers Association. He has served as chairman of the Federal legislative committee of the New Jersey Bankers Association, as treasurer, vice-president, and president of that association. Since 1941, he has been a member of its executive committee. He was a member of the executive committee of the Paterson Clearing House Association from 1936 to 1948 and served as its president in the year 1942-1943.

In the American Bankers Association, he served as chairman of the executive committee of the National Bank Division from 1941 to 1943, and as president of the Division in 1943-1944.

He was elected vice-president of the American Bankers Association at the 74th Annual Convention in Detroit in September 1948, and at the convention this year in San Francisco became president.

In order to give all possible time to these duties on behalf of the Association, Pete dropped practically all of his important community activities with the exception of his post as head of the "Money Marketeers."

At present the First National Bank and Trust Company of Paterson has seven offices in Passaic County. There are about 300 employees and the assets, as of June 30, 1949, were \$150,695,337.72. Several of the offices have their own advisory boards consisting of leading businessmen in their own localities.

All of the offices supply complete services, although the supervisory and record-keeping work of many departments is being centralized.

East Side Office



Market Street Office



"In the Kansas days," said President Peterson, "and all through that area beyond the Mississippi, I specialized in cattle loans. Here I never see one of those things. It's all business and industrial loans."

The people of his home town of Paterson are tremendously proud of their adopted son. An editorial in the Paterson *Evening News*, entitled "Honor to Paterson and Well-Earned and Deserved Recognition for F. Raymond Peterson," starts out and ends with the identical sentence: "It couldn't happen to a finer fellow." The editorial states, "Paterson has been very proud on innumerable occasions and as a community is deeply indebted to him for his ever-ready assumption of responsibility and tasks of importance contributed to civic improvement and advancement."

The Paterson *Morning Call* recounts at some length his career and concludes:

"Therefore we of the press, with whom he is allied by marriage, heartily salute Mr. Peterson on the great honor accorded him, knowing that he will wear it with characteristic grace and modesty, and fully convinced from our congenial relations with this majestic figure of the banking world that the American Bankers Association could not have made a better or more worthy choice."

This reference to his being allied to the press by marriage is a fact meriting special emphasis and underscoring.

Mrs. Peterson was the former Grace Crouch of Atchison, Kansas. When Pete and Grace were married in Kansas City, Missouri, she was county circulation manager of the old Kansas City *Post*. Later she became famous throughout the area as "Jane, the Shopper," with a daily column in the Kansas City *Journal* and a page on Sunday.

His old friends in Kansas have not given up their claim on him. They have kept an admiring eye on every step in his career. The Pittsburg, Kansas, *Headlight* said editorially when Pete was elevated to the vice-presidency last year:

"Peterson of Farlington has made good. He did not travel to his present high standing among the bankers of America over easy roads. His was the hard way. He worked his way upward by face-to-face contact with problems of banking, first from behind the counter and second in the jobs that gave him a close-up look at methods, good and bad, and problems, common and unusual, in banking. Innumerable persons have opportunities similar to those that came to Peterson. Some persons make

more of their opportunities than others. Peterson necessarily must be classed with those who recognized opportunities and used them most successfully."

Pete's views on the practical side of banking are exemplified in his smoothly operating institution. His views on the larger aspects of banking assume a new importance as he enters the presidency of the Association. He has expressed himself on various occasions and some of his philosophy can be summarized in these words, a few of which were quoted at the beginning of this story:

"The ability with which we appraise business conditions in our own communities, manage our institutions efficiently, and meet competition vigorously and fairly is no less important than the need for us to help maintain proper bank supervision, sound monetary regulation and control, and good relations with our state and national governments and the American people.

"Challenges are opportunities. The history of the banking business is a record of men who turned problems into projects. They transformed difficulties into remarkable achievements. The courage and effort with which we accept our challenges are measures of our ability as bankers. In these challenges and in the way we meet them lie our opportunities in the year ahead."

Mr. Peterson and his secretary, Viola Freeman



Mr. Chairman, Ladies and Gentlemen—

(CONTINUED FROM PAGE 46)

is important. Sort out the important from the unimportant by means of emphasis.

Watch your speed. All of us are nervous before an audience. We can't do much about our nervousness except to learn how to control it. In fact some nervousness is a good thing. One way we can put the governor on ourselves is making ourselves talk more slowly. This will come from practice. Watch your audience to see if they are taking in what you are giving out.

Emphasize. Let there be places in your speech where you speak out. Use your fist. Use your body for emphasis. The writer underlines, uses exclamation points, capitalizes to emphasize. The speaker has a number of ways of emphasizing which he should use. Don't let your speech become monotonous.

Gestures. Cicero said that a speaker's arms and hands are his swords. The audience is used to taking in meaning through other media than its ears. A shrug of the shoulders is more eloquent than a string of words. Gestures are used for picturing, for locating, for emphasizing, for suggesting. Could a magician hold the attention of his audience without the use of his hands and arms? Could the leader of an orchestra direct without the use of his body?

There are three parts to every gesture: the approach, the stroke, and the return. The stroke is usually left out by the

inexperienced speaker. They get the hand out but let it drop or droop back into place without the stroke, or the indication of what the gesture was supposed to do. Return the hand to the side of the body when the gesture has been completed.

There are four hand gestures: the open hand, or giving gesture; the back hand, or restraining gesture; the index finger, or the pointing out gesture, and the clenched fist, or the emphatic gesture.

Your gestures should be spontaneous and free. Let your gestures be a part of the thought. Don't stand like a wooden Indian. Gestures form the frame of your remarks. They indicate whether you are in earnest or not.

Grooming. Look your very best before an audience. A dark suit with a white shirt and a conservative tie is conventional. Any dress that is not conventional will call attention to itself. The shoes should be polished. Wear garters with your hose. When you sit down do not let four or five inches of your flesh stare at the audience. We do not want the audience to look twice at any idiosyncracy of our appearance.

Fundamentals of Good Delivery

(1) *Sense of communication.* Feel that you are talking to the audience and getting a response.

(2) *Well balanced enthusiasm.* Be alive but let the liveliness contribute to the conveyance of the thought.

(3) *Earnestness freed from solemnity.* Be in earnest but don't lose your sense of humor.

(4) *Physical vitality.* Feel at your physical best when you speak. Watch your diet and exercise.

Efficient Services in Colombia

THROUGH

BANCO DE BOGOTA

Oldest established and largest commercial bank in Colombia

42 BRANCHES

Special attention to collections

Total Assets:

MORE THAN \$ 206.000.000 PESOS

Colombian Imports from United States:

- 1946 US. \$ 195.000.000
- 1947 US. \$ 216.000.000
- 1948 US. \$ 197.000.000



BANCO DE BOGOTA

ESTABLISHED 1870

BOGOTA, COLOMBIA S.A.



From Ghost Town to Thriving Community

(CONTINUED FROM PAGE 50)

poultry, so he turned his attention to those fields. Barnum's development dates from that time.

One of his first moves was to take over a rundown creamery that had wearily turned up its toes and given up the fight. He bought the creamery in 1907. At that time the total shipments of eggs for the entire year amounted to only 15 cases. Two years later he paid out \$4,000 for eggs alone. Ten years

later the poultry producers were getting around \$8,000 every month.

"Soon after the creamery got back on its feet," Mr. Hanson relates, "a centralizer came here and tried to buy us out. When we refused he threatened to freeze us out. To prevent that, we decided to pay extra for quality. We paid a premium of a cent a pound for butterfat, later raising it to two cents a pound. That saved the day for us."

New England Beacon



CAPITAL
\$10,000,000
SURPLUS
\$20,000,000

Seafarers have long relied on Boston Light to guide them into Boston Harbor. When you need a guide to New England banking conditions, this institution offers the experience and enthusiasm you require to handle your banking problems. You can rely on Shawmut for effective action.

"Outstanding Strength" for 113 Years

The National
Shawmut Bank
40 Water Street, Boston
Member Federal Deposit Insurance Corporation



Is the Owner's Equity Protected?



The mortgagor's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property. It's good business to call these facts to the attention of the property owners you serve - now!

THE PHOENIX INSURANCE COMPANY Hartford 15, Conn.

The Connecticut Fire Ins. Co.
Hartford, 15, Conn.

Atlantic Fire Insurance Company
Raleigh, North Carolina

Great Eastern Fire Insurance Co.
White Plains, N. Y.

Reliance Insurance Company of Canada
Montreal 1, Canada

Equitable Fire & Marine Ins. Co.
Providence 3, R. I.

The Central States Fire Ins. Co.
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.

Community and Bank Prosper

He knew that if the farmers prospered, the creamery would prosper and so would the entire community, including the bank.

Guernseys became the dominant breed. Mr. Hanson had a fine herd of Holsteins but the farmers wanted a uniform herd so they could organize a bull association. At a meeting called to decide this matter, a majority of farmers voted in favor of Guernseys, largely because a Guernsey breeder had been doing some missionary work among the farmers.

The bull association was organized 37 years ago. Six Guernsey sires were purchased at a cost of \$1,200, the amount being borrowed from the bank. The debt was paid back by deductions from cream checks, the farmers designating which month the deduction was to be made and for how much. The association made a wonderful record by grading the quality of the herds sharply upward. Today Carlton County makes the proud boast of being the Guernsey center of America.

"When Mr. Hanson came to Barnum, only one registered bull existed in the county," Mr. Beneditz recalls. "Today there are hundreds of them. In large measure, he was responsible for that healthy situation. He loaned money without interest to dairymen who wanted purebred sires."

Barnum became a poultry center for the same reason that it became outstanding in a dairy way—because farmers agreed upon a single breed of chickens and because Mr. Hanson gave them an honest, reliable market for their produce.

"The poultry movement at Barnum now embraces nearly every farmer for miles upon miles around," wrote an editor of *The Farmer*, a Minnesota farm magazine. "The whole thing can be

View of the State Bank of Barnum. Mr. Hanson helped to dig the basement for this building back in 1903, when Barnum was only a logging town



traced back to the idea of one man—and that man, as every poultryman up there knows, is H. C. Hanson—creameryman, banker, farmer, egg buyer, booster and developer. In fact, as one local man admitted, 'About everything this community has, Mr. Hanson started.'"

Booming Egg Business

It was his idea to send weekly shipments of guaranteed fresh eggs to a Duluth merchant. Before that farmers sold eggs to merchants, who took them in exchange for groceries, clothing, and other merchandise. The merchant made nothing on the deal because in summertime many of the eggs were unmarketable and in the winter there were no eggs. He accepted eggs in trade only to keep his customers. Mr. Hanson changed this. He insisted on quality eggs, holding each patron responsible for that. By taking only a very small net profit, he was able to build up a booming business. For example, a writer for *Country Gentleman*, a national farm magazine, pointed out that the day he called on Mr. Hanson, he was giving the farmers 55 cents a dozen and selling them for 58 cents. The three-cent margin represented the cost of the cartons, handling, packaging, and profits.

Business methods of this type enabled Mr. Hanson to build a thriving business. Success did not alter his program. In fact, 46 years later, he is still working diligently to make his bank serve the community to the best of its ability.

"As bankers," Mr. Hanson declares, "we're here as long as we do our business right. To me that implies additional responsibility. Instead of clipping coupons, we're going out after new business."

Full-Time Fieldman

The State Bank of Barnum, located in a town of less than 400 population, is one of the smallest banks in the country with a full-time fieldman. His name is E. L. Barstow. Born and raised in the Barnum community, Mr. Barstow makes a point of

Think of legs like those of a kangaroo being wasted in prairies instead of being used on street corners.

A woman's intuition and a man's conviction are identical.

The Marshall Plan proposes to Yank Europe out of its difficulties.

November 1949

visiting new customers, particularly farm people. This gives him an opportunity to check on their credit rating.

"It takes only a few minutes to determine whether a man is a good or bad farmer," Mr. Hanson comments. "The condition of his implements and the look of his livestock indicate whether he will succeed or fail at farming. Mr. Barstow knows who can be trusted with a loan and who would make a poor risk."

In addition to this line of work, Mr. Barstow also collects delinquent accounts and serves as clerk at the auction sales in the Barnum area. The bank's territory extends 25 miles west

of Barnum and for the past 10 years Mr. Barstow has been working this area.

"He pays his way very nicely," Mr. Hanson comments.

It's quite obvious that Mr. Hanson, too, is paying his way very nicely. His fellow-citizens have rewarded him for his vision and leadership. He was mayor of Barnum for 12 years and was a state senator from 1927 to 1935. He is especially proud of the fact that he served on the school board for a number of years. The students expressed their pride in Mr. Hanson by dedicating their 1949 yearbook to the man who made Barnum.



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Zone.....
State.....

Oklahoma Bankers' Soil Award Program

(CONTINUED FROM PAGE 56)

when agriculture is gone so are our banks. Topsoil is a prime collateral that we dread to see disappearing so fast. It is a tremendously serious problem because of the rapidly increasing population on the one hand, and a decreasing farm producing area on the other.

Pioneers

The above enumerated facts about the farm situation in Oklahoma caused the Oklahoma Bankers Association 12 years ago to undertake a program of co-

operation with farmers and county agents to halt soil erosion, reclaim the land, and follow good conservation practices. This was before there was any U. S. Soil Conservation Service.

At first, the Oklahoma Bankers Association hired engineers from the A. & M. College and sent them to suffering areas to teach farmers by demonstrations how to lay out terraces. The results were not too good, but it was a step in the right direction.

When the U. S. Soil Conservation

Service came into being, Oklahoma bankers cooperated in organizing conservation districts and in encouraging farmers to subscribe to the service. Many of the members of the district board of supervisors were, and still are, bankers who owned and operated farms.

Seven years ago our certificate of award program was devised. Under this plan, a certificate of award is presented to the farmer who has completed the program prescribed for his own farm by the soil conservation technicians. These technicians and the local district board of supervisors determine when the farmer has completed his program, which usually includes proper terracing, contour cultivation, stock ponds, re-pasturing, re-fencing, liming, fertilizing, and other recommendations to halt soil erosion and start rebuilding the soil for the future. In many cases, five or six years are required by the farmer before he qualified for the award.

Award Banquets

When it is felt that a sufficient number of farmers have qualified for the Bankers Award, the chairman of the bankers association's agricultural committee is notified and a dinner, barbecue, or banquet is held in the district. Generally, a day is devoted to inspection of the award winners' farms by the visiting public and neighbors. The occasion is sponsored by a Chamber of Commerce, civic clubs, farmer organizations, or bankers in the district. We try to have present, if possible, every farmer and his wife, as well as business and professional people in the area. We endeavor to have an outstanding speaker for the affair, and to make it a real event. The whole program is designed to honor the award winners and their wives, whom we have on the platform or at the head table. Local bankers hand the certificates to the winners, who are their customers, and congratulate both the farmers and their wives.

Every award meeting I have attended during the past three years has been successful. The recipients feel honored to get the Oklahoma Bankers Association Certificate of Award. If farmers want these certificates framed, we have it done for them. You will find these certificates in conspicuous places in their homes. We have held 103 award meetings, made 2,021 awards, and expounded the gospel of soil conservation to over 46,000 people. The tempo has stepped up in the last two years. Since May of 1948, we have had 24 award meetings and made 351 awards to qualified farmers.

Banking Facilities In The Great Lakes Area

Businessmen and bankers who do business in the Great Lakes Area know that this industrial empire abounds in profit opportunities for both buyers and sellers.

If you have customers who should share in these profits, we would like to work with you for their benefit. Our studies, long experience with commerce and industry in this area, and our on-the-ground contacts are ready to "go to work" for you. Our fast, complete service will expedite your banking requirements here. Your inquiry will receive our immediate attention.

Central National Bank of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Banking School of the South

THE School of Banking of the South will hold its first session on the campus of Louisiana State University, Baton Rouge, June 5-17, 1950.

Sponsored by the state bankers associations of Louisiana, Arkansas, Mississippi, Kentucky, Alabama, Georgia, and Florida, the school offers a three-year program, with two-week resident sessions and interim extension work. A maximum registration of 100 students is planned for each session, making a total enrolment of 300 annually over a three-year period.

As previously announced in *BANKING*, the director of the school is Orrin H. Swayze, vice-president of the First National Bank, Jackson, Mississippi. He will be assisted by Herbert V. Prochow, educational director of the School of Banking sponsored by the Central States Conference at the University of Wisconsin. R. Irby Didier, executive secretary of the Louisiana Bankers Association, is registrar.

The tentative course of study provides the following program:

First year: Basic Banking and Economic Problems, Commercial Bank Credit I, Investments I, Banking Law.

Second year: The Bank and Its Community, Farm Economics and Finance, Investments II, Commercial Bank Administration I, Public and Employee Relations.

Third year: Consumer Credit, Commercial Bank Administration II, Foreign Trade and Exchange, Credit Analysis, Management of Earning Assets, Trust Functions, Country Banking.

Names of the faculty are not yet available, but Director Swayze says the teaching staff will comprise national authorities on the subjects covered by the curriculum.

Classes will be held mornings and afternoons during the resident sessions. Evening seminars will discuss industrial, governmental and banking subjects.

A thesis will not be required for graduation.

The student bankers will be housed in the new Hodges-Hatcher-Johnson dormitories at the university.

Eventually you have to decide whether to keep up with the Joneses or the creditors.

Hodges Hall, one of the three new interconnected dormitories at the University of Louisiana which will house students of the Banking School of the South



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The one bank in Oklahoma which is statewide in its outlook, its contacts and in its correspondent relationships is—The First National of Oklahoma City.

We are now servicing 304 correspondent accounts in Oklahoma. This number represents 79.1% of all the banks in the state. These correspondent banks are located in 76 of the state's 77 counties.

"Coverage" such as this cannot help but reflect the high standard of excellence of our service. When you or your customers require service of any kind in Oklahoma we hope you will make full use of our facilities.



An 8-County Plan for Prosperity

(CONTINUED FROM PAGE 54)

those who are to direct these activities in the many communities of the area; each of the high schools is provided time for a 30-minute program on the radio during each school term; chambers of commerce and civic clubs have called for and received the help of the council on numerous undertakings; community development contests are held with the scoring done by outside experts, and sizable money awards are given by the Monongahela Power Company, which is one of the many business concerns cooperating in the movement; and there is a long list of other activities and services.

Farm Product Marketing

It is in the field of marketing farm products that the council has made an outstanding success. Even though this venture is something like two seasons old it is already firmly established. There were the so-called "experts" who said it could not be done, but in the area of the Little Kanawha Regional Council one finds not only that it can be done, but can see it being done.

First, the council copyrighted the trademark "L-K". When this brand is affixed to a product it stands for quality and only first quality. The state and Federal departments of agriculture cooperate in the marketing and the grading and standardizing of products. A market manager is assigned to each of the eight counties and he must first, by training, have qualified himself to grade and standardize products, which he does with the help of a man who is known as the area market coordinator. County agricultural agents and agri-

culture extension specialists play important roles in the organization in training, and helping in the production of quality products. The brand name "L-K" has become nationally known and the great market centers of the country are calling for more "L-K" products than are yet being produced. During the past season, \$617,000 worth of such products were produced and marketed and, despite the fact that the heavy marketing season for 1949 has not been reached, sales this year are far ahead of the corresponding months of last year.

A banker reported that many channels of marketing had been opened for products which had formerly rotted in the fields because there were no established market outlets. He cited, as an example, black walnuts. The area is one of the finest in the country for that product. Thousands of bushels grow each year and they are of highest quality. Few were gathered and marketed because "it didn't pay if one had anything else to do." But the council got busy last year and found a market for all that could be gathered. None sold for less than \$4.25 per hundred pounds. As late as May, shipments were still going out at an even higher figure. "That, my friend is new money in our territory and that with the numerous other instances is why you today find this one of the brightest business spots in the state and one where unemployment is lowest," the banker said.

Religious Groups Profit

It was in Wirt County, one of the smallest in the area, where we found

an example of the service which is being rendered to religious groups. There lives the Reverend Vairl Winters, a Baptist minister, who explained the "Lord's Acre Potatoes" which have been mentioned in stories in national magazines and publications.

Mr. Winters induced the people in each of the communities where these churches are located to set aside one acre each year on which they would grow potatoes, would make it a community project and all join in cultivating them. He studied types of seeds and fertilizers, called on his county agent to test the soil, supervised the preparation of the fields for planting, and joined with the parishioners in cultivating them.

The season was good, the yield was bountiful. Then Mr. Winters called on the regional council to come into the picture, have the market manager grade and inspect the product and standardize it for the commercial market. All this was done and the potatoes which went to market bearing the "L-K" brand brought not only top market prices but, in cases, a premium. With the proceeds, church buildings were painted, basements were built, recreation rooms equipped, and today there are gleaming white churches on the hills and in the valleys of Wirt County in which old and young alike have pride, where they mingle together for devotions and for recreation.

Leadership

Sattis Simmons is the president of the council and is a vice-president of the Bank of Ripley; Lewis E. Smith, a Calhoun county banker, is the vice-president; and Mulford F. Smith, an executive of the Monongahela Power Company at Parkersburg, serves the Little Kanawha Regional Council as secretary. Lloyd E. Gregg, an official of the Wiser Oil Company at Sistersville, is the treasurer. Bankers in the area united to help form the council and have since given generously of their time and counsel in directing its progress.

Outstanding examples of men like John Stout, Douglass Adams, and Art Dudding of the Parkersburg National — a very old bank with new and progressive ideas. Less than two years ago these men offered the entire area the services of a farm credit department especially designed to give farmers of the section the same service the merchants and businessmen have for so many years profitably enjoyed.



The agriculture display of the Parkersburg (W. Va.) National Bank at the Wood County 4-H Club Fair, in the early fall, brought the bank many new farmer customers. The bank explained its services to visiting farmers

Through this department the bank works with the Little Kanawha Regional Council and every other agricultural activity. It not only subscribes to this belief or that, or supports this or urges that—it does. Its farm clientele keeps growing.

C. C. Dodd, a Spencer banker, E. F. McCoy of the Calhoun County Bank, T. C. Parsons of the Bank of Ripley, Glenn Hardbarger of the Union Bank at Harrisville, and Paul Ingram of the Union National of Sistersville are other bankers who have given much to make the Little Kanawha Regional Council unique.

Little has been overlooked in this comprehensive plan which brought industry to the area, provided profitable jobs for people not only in the mills and at machines but on the farms as well.

Land Use

Practically every foot of farm land in the whole area is now embraced in the soil conservation districts of the

state, and so well is this program proceeding that the first land use day ever arranged in West Virginia—and one of the few ever held in the country—was staged in the regional council area in September, when in an eight-hour day it was demonstrated what the mind of man and the machine can do in restoring the degree of fertility to soil which it once possessed. The regional council was one of the cosponsors of that event along with state and Federal agencies who are all lending assistance to the local groups.

These and many other things convinced us of the reasons back of the

Federal marketing agencies' choosing the regional council as a program which any community and people anywhere might well emulate, and how people working together to help themselves have come to better serve thousands and thousands of other Americans, and whose achievements cannot be attributed to either luck or accident but to hard work, unselfishly given. It is paying off in dollars; in better things for better living; a happy, more prosperous and contented people; and is developing an area in West Virginia which is bringing commendation and recognition to the state.

Bank Report Awards

Nine banks have received awards in the 9th Annual Survey of Annual Reports conducted by *Financial World*. The awards were made at a banquet at the Hotel Statler, New York, on October 31.

Forty-two banks qualified for awards of merit for the excellence of their annual reports (BANKING, Sept. 1949), and these were restudied to determine the best three in each of three banking classifications.

Among national banks, the first-place award went to Northwest Bank Corporation, Minneapolis, which also was last year's winner. Second and third awards went, respectively, to the City National Bank & Trust Company, Kansas City, and the First National Bank and Trust Company, Tulsa.

In the trust company classification, Girard Trust Company, Philadelphia, won first award, with second and third places going to First Security Corporation, Ogden, Utah, and American Security & Trust Co., Washington, D. C.

Among savings banks, the winners are: first, Manhattan Savings Bank, New York; second, Farmers & Mechanics Savings Bank, Minneapolis; and third, East River Savings Bank, New York.

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Washington

(CONTINUED FROM PAGE 39)

firmly are convinced, bring about economic stability and maintain prosperity, if only they are tried seriously.

Theodore J. Kreps, Ph.D., on leave of absence as professor of business economics at Stanford University, is director of the staff of the entire JEC. Besides having an academic background, Dr. Kreps variously has been chief consultant to the OPA, chief economic adviser to the former Board of Economic Warfare, economic adviser to the anti-trust division of the Department of Justice, WPA consultant, statistician for NRA, and economic adviser to the temporary National Economic Committee, a special congressional committee of the '30's.

Before the School of Banking conducted at the University of Wisconsin, Dr. Kreps spoke on behalf of "America Unlimited," a condition of relatively steady economic progress which he said was possible from cooperative action on the part of business, agriculture, labor and government.

Since Professor Kreps has not been able so far to spend his full time with the JEC, the staff has been under the direction of its new associate director, Grover W. Ensley, Ph.D., who formerly was at one time or another a research assistant for the National Tax Foundation, a fiscal analyst for the Budget Bureau, a lecturer on economics for George Washington University, and a technical assistant to Senator Ralph E. Flanders, Vermont Republican.

Immediately in charge of the monetary study as the principal staff member is Lester V. Chandler, Ph.D., a professor of finance at Amherst, and one time a price executive for OPA.

Senator Paul H. Douglas, Ph.D., the chairman of the monetary subcommittee, started out as a professor of economics. His interest broadened to industrial relations, and then to problems of unemployment. He became known as an outstanding authority on social security questions long before he was elected to the Senate as a Democrat from Illinois. He served during a great part of the war with the Marines in the Pacific, was commissioned a major, and was wounded and decorated.

Committee Had Little Time

While the monetary subcommittee of JEC has a broad assignment to study fiscal and monetary problems, it has little time to complete such a big responsibility. The committee and its staff must complete its report by January. This is because, come the turn of the year, the committee and its staff is directed by the resolution creating it, to study the President's Economic Report of 1950 when that is handed down.

Hence the committee may not come up with sweeping monetary recommendations. It could propose a few detailed and particular measures of reform. Then it could determine whether the subject of monetary control merited a full-time study by an outside group, such as the proposed monetary commission, a project favored this year by the Senate Banking Committee but objected to by the President and the Treasury.

Deficit Casts a Long Shadow

Over all discussions of altering the composition of Government controls over the management of the nation's money and credit, the prospect of a very, very large peace-

time deficit casts a long shadow. It is now assumed without doubt in the most informed circles, that the Federal deficit for the current year will be not less than \$5-billion. This is almost entirely due to rising Government spending.

Next year the economy-minded members of Congress, as previously reported herein, are determined to make a zealous effort to economize. However, economy becomes a still tougher job next year, in that expenditures recently authorized, such as for public housing, slum control, and foreign arms aid, will raise the prospect of an even greater excess of expenditures over receipts next year than in the present year.

Unless the President changes his mind, Congress is expected to be asked to increase the volume of expenditures even more, for Federal aid to education, for health insurance and other health benefits, for social security, for indirect subsidizing of all housing except that of the well-to-do, and for numerous other projects.

The shadow which the Federal deficit casts over the monetary discussions is this: What chance is there in the next few years for the restoration of a balance between expenditures and revenues, without which purely monetary measures tend to become meaningless and futile?

FDIC Resources and Bank Capital

In the latest annual report of the Federal Deposit Insurance Corporation there is a clear indication that the agency believes its resources are entirely too low for the responsibilities it sees itself pledged to undertake. Consequently, there is an equally clear implication, so far as it is expressed in the philosophy of this report, that FDIC will stand in the way of legislation to lower the assessment rate for deposit insurance.

At the heart of the FDIC's philosophy, it appears from this report, is the idea that the agency is not merely an insurance agency to protect against occasional "fires," to use a figure of speech. Instead it is intended, in the FDIC opinion, to be an agency to support with the larger resources it apparently hopes ultimately to accumulate, the entire banking system against a general decline in business, should that occur.

So, to continue the figure of speech, the agency is not merely a "fire insurance" company for the occasional fire, but must be armored with sufficient assets to pay off on a sort of banking Chicago fire. Or, as the Board itself stated it, after explaining that adequacy of capital was necessary for the proper functioning of the banking system:

"Under present circumstances, the capital of the banking system is made up of two parts. First is the capital of each of the operating banks; this is available only for meeting the stresses and strains to which each particular institution may be subjected. Second is the capital of the Federal Deposit Insurance Corporation which stands behind all insured banks, available for the defense of deposits at any insured bank in which the capital may prove inadequate to meet the stresses impinging upon that institution."

Subsequently, FDIC repeated the familiar story of the decline of bank capital ratios following the war-induced swelling of deposits, and the later inevitable decline of capital to risk assets when finally the Government after the war ceased to be the all-pervading user of bank credit. By implication the Board in its report said that the resources of \$1-billion which up to a couple of years ago were thought of as the goal of FDIC, were too low:

"When the permanent plan of insurance went into effect in 1935 an insurance fund of one billion dollars would have

amounted to approximately 2 percent of all deposits in insured banks. The present surplus of the Corporation is only 7/10 of 1 percent of the deposits in insured banks. The nation has just passed the peak in wartime and postwar inflation, and it is not clear what the future developments will be."

Consideration of the assessment rate, however, has been promised in the Senate Banking Committee. Chairman Burnet R. Maybank of that committee, in a meeting before the end of the session, told members interested in the subject that early in the 1950 session the committee would hold hearings on FDIC matters.

Legislative action to deal with changing the assessment rate, however, faces two difficulties.

One of these is the reluctance of Congress to tamper with anything which even slightly gives the appearance of affecting the safety of the banking system. For this reason, consideration of the subject in the House is not presently anticipated until and unless the FDIC encourages discussion of the subject.

The second difficulty confronting Congressmen wanting to dig into this problem is the inability they have had in getting the FDIC to take any public stand. In its written statements, as in the annual report, FDIC indicates opposition to lowering the assessment rate. Yet the agency insists it has not taken a position in opposition. It has avoided taking any unequivocal position.

RFC Makes Big Auto Loan

During the past month Reconstruction Finance Corporation gave what appeared to be a clear indication of where it actually stands on the White House-backed RFC expansion program.

Congress this year was unimpressed with the expansion program, which would double the funds available to RFC for making loans, and which would remove any limitations on the maturity of loans which RFC could make or guarantee. Then RFC would have complete discretion in making as long term loans as it wanted.

Until recently many Congressmen had the impression that RFC was satisfied with the limit of 10 years which the 80th Congress placed on the maturity of business loans. RFC had been explaining—until recently—that a loan of 10 years maturity "was exceptional" and had given Congress the notion that the agency was satisfied with the 10-year limit.

This limit was written on the theory that any loan of a term of longer than 10 years would likely become in effect if not in form, a participation in equity capital. Congress wanted to prevent RFC from providing equity capital for any business, big, small or medium.

RFC, however, announced last month that it was making a loan of \$34,400,000 available to Kaiser auto. That concern currently has a line of credit, for working capital purposes, of \$20-million, chiefly from two big commercial banks. However, the company wanted to increase this line of credit by more than \$14-million additional to finance re-tooling so that in 1951 it may increase the variety of car models it produces.

This \$14-million additional is hence seen as a credit clearly for equity capital purposes.

What the outlook is for passage of the bank charter conversion bill next year following the opposition of three Senators on the Banking Committee, is unclear. The three

are Glen H. Taylor of Idaho, former vice-presidential candidate with Henry Wallace, Paul Douglas of Illinois, chairman of the JEC monetary subcommittee, and Ralph Flanders, Vermont, a member of the same subcommittee. The language of their minority report against the conversion bill implies that their opposition is more durable than of the temporary nature they said it was—until after the monetary report. However, if those who favor the bill fight for it, it can pass the Senate as it has passed the House.

Public Housing Bonds

Commercial banks may get their first look at some new public housing, tax exempt bonds, before the end of the year. Public Housing Authority intends, before the year is out, to issue maybe around \$100-million of public housing authority bonds. These bonds will replace temporary financing of older public housing projects put up under the 1937 act—but not projects under the 1949 act. The bonds, however, will follow the lines of those to be issued under the 1949 act.

Bond issues for new public housing projects under the new act, however, probably won't be needed until after the present fiscal year which ends June 30, because few if any projects will be ready for long term financing before the second half of calendar '50. The coupon rate is limited to the Government long term rate—2½ percent, but tax exemption will pull this down.

If President Truman follows through with his plan to ask for tax incentives on foreign investments under Point IV, conservatives plan definitely to ask, "Why not also tax incentives on domestic investments?" They mean to do more than ask this question. They mean to see that there are some incentives on domestic investments enacted if there are to be incentives on foreign investment.

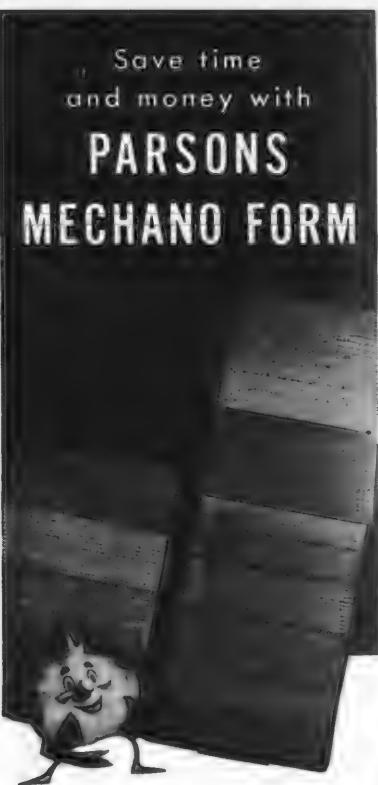
The Senate at the last minute postponed until next session the consideration of the bill to liberalize, in a score or more of ways, Government insurance and guarantees of home loans. This is the so-called "median income" housing bill which the House adopted in a less inclusive program. It indirectly subsidizes housing for millions by so much further lengthening terms of mortgages with smaller and smaller down payments, terms that lending institutions probably could not afford without the indirect loan subsidy of the guarantee of repayment.

The fact that the Senate postponed consideration was an indication that the idea of direct Government loans for veterans and housing at educational institutions was thought to be too controversial even for easy Senate approval, and would have delayed adjournment if scheduled this year for action.

Home Loan Bank System

With respect to legislation affecting the Home Loan Bank system, about all that is clearly in prospect is that Senator J. Allen Frear, Jr., of Delaware, intends to follow through with his plan to hold hearings in the Senate Banking subcommittee, of which he is chairman, on the practices of savings and loans operating in competition with other lending institutions.

The Senate committee proposes to limit savings and loans to branches on the same basis as similar institutions are allowed to establish branches under state charters. The Senate group also would authorize savings and loans, under given circumstances, to quit the Home Loan Bank system and take out state charters as mutuals.



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"Know Your Bank Week" Repeated in Delaware

KNOW Your Bank Week," an idea that originated with the Delaware Bankers Association, was repeated with marked success in that state from October 3 to 8.

Banks throughout Delaware carried newspaper display ads inviting the public to visit them. Many institutions held "open house," taking guests on guided tours of the bank. Others gave souvenirs of the occasion—flowers for the ladies, cigars for the men, lollipops for the children. Some showed movies and served refreshments.

In the city of Wilmington alone, approximately 10,000 persons visited the banks in one evening.

Copies of a leaflet, "Know Your Bank Better," were distributed at all banks participating in the program. This folder, prepared by the association, whose Public Relations Committee arranged the statewide observance, provided "an inside view of your bank and how it functions in the daily life of America."

FDIC Report

THE Federal Deposit Insurance Corporation reported for the year ended June 30, 1949, net income of \$138.3-million (exclusive of administration of the Federal Credit Union Act, May 16, 1942, to July 28, 1948) and total expenses of \$6.7-million. Total income was \$145.0-million. The expense figure includes \$1.1-million for deposit insurance losses and expenses, and \$5.6-million for administrative expenses and other charges.

The surplus of the corporation as of June 30, 1949, was \$1,134-million, resulting from an excess of income over losses during the entire period of operation of FDIC from its beginning on January 1, 1934. Total income for the entire 15½ years of operation amounted to \$1,218,521,000.

On June 30, 1949, the deposits of 13,614 banks and 4,551 branches were insured by FDIC.

"Substantial increases in total capital accounts during the next few years will enable banks to undertake opportunities for serving the community more safely," the report concludes. "Where permanent growth has occurred in the financial requirements of the community, increases in common capital will indicate corresponding permanent growth in bank capital."

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IN ADDITION to our standard field warehousing service as conducted for 35 years, Lawrence has now opened a special "Small Business" Department.

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A.I.B. Curriculum Survey

(CONTINUED FROM PAGE 48)

lege degree men and women?" Mr. Lewis explained the Institute's policy by saying that the A.I.B. grants equivalent credit for college and university work in the fields of economics, accounting, and law; that the national office is asked to analyze from 40 to 50 transcripts a week from students who are seeking equivalent credit toward Institute certificates on the basis of work done in colleges and universities.

"No American college or university," he said, "gives a course comparable to the A.I.B.'s 'Fundamentals of Banking' and we recommend that college people be advised to take that course first. Where students have had several equivalent courses, they are permitted to complete their requirements for a standard certificate by taking additional courses from the graduate group."

Proper Sequence Important

It was emphasized and reemphasized at the senior officer meeting and at the faculty conference which followed that bank executives, chapter officers, and faculty members should insist upon students' taking Institute courses in the sequence in which they are listed in the catalog of the national office. Instructor after instructor made the point that their class work is impeded by students who take advanced instruction before they have had the basic courses. This, it was stated, is one of the principal causes of attendance mortality.

By and large, the senior bankers expressed satisfaction with the Institute's curriculum as presently constituted. It was generally agreed that its greatest weakness is not in the curriculum itself, but in the lethargy of the senior bankers who supply the funds to finance the chapter educational programs but fail to match their dollars with their moral support.

From this small beginning the American Institute of Banking's study will fan out to include the ideas of thousands of junior and senior bankers and faculty members across the country.

Faculty Sessions

W. Frank Phillips, vice-president, Commercial National Bank, Charlotte, North Carolina, and a member of the Institute's Executive Council, officiated at both sessions of the faculty conference. Speakers at the afternoon meeting were Mr. Lewis, who spoke on "Good Teachers, Good Teaching, and a Good Teaching Program"; George

B. Earnshaw, vice-president, The National Metropolitan Bank of Washington, whose topic was "How I Teach Fundamentals of Banking"; Clement C. Wood, of the law firm of Hering, Morris, James & Hitchens, Wilmington, Delaware, who spoke on "How I Teach the Law Courses"; Edwin P. Neilan, vice-president, Security Trust Company, Wilmington, who talked on "How I Teach Trust Courses"; and Robert C. Rutherford, associate secretary of the A.I.B., whose theme was "Servicing Our National Educational Program."

In his address, Mr. Lewis listed four

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essentials to effective teaching: (1) Personality of the teacher; (2) attainment of an adequate educational philosophy; (3) mastery of the subject matter; and (4) familiarity with the variety of teaching techniques that can be used in the classroom.

Fourteen factors related to teaching success, published in the *Journal of*

Educational Research three years ago, after a three-year study, were recommended by the educational director as a guide to chapter educational chairmen in selecting A.I.B. instructors: Personality, good health, scholarship, intelligence, speech, character, interests, emotional stability, general culture, ability to work with others, English, attitudes, love of students, and art of teaching.

Testing Teaching Effectiveness

The question arose time and again at both the afternoon and evening sessions as to how the instructors could tell whether their students were getting the teaching. Among the techniques employed to determine this point were: True and false quizzes, either written or oral, calling upon students regularly for classroom recitation, class discussion, note taking, and periodic written exams. It was the general consensus that one of the best gauges is student reaction during class sessions.

"I have been using the true and false tests and also the quick tests," said Mr. Earshaw, "but I make a special point of having a one-hour test when we are one quarter of the way through the text, a two-hour test at mid-term, and another hour's test at the three-quarter mark. . . . The only outside assignment that I give is that each student should know the answer (with respect to his own bank) to the questions for investigation at the end of each chapter."

"We lay great stress on the class's taking adequate class notes," said Mr. Wood. "The students' notebooks are examined and criticized at least three times during the term. Each time they are examined they are marked and those marks averaged give us the final notebook mark for the year."

Mr. Neilan's own summary of his teaching techniques give a quick overall idea of what a student entering his class might expect:

"I follow the instructor's guide carefully, but supplement it with case studies, guest teachers [probate judge, surrogate, register of wills, etc.], and studies of the forms and procedures used in the students' own institutions. I give frequent true-false quizzes to establish class standing and supplement them with the review quizzes. As suggested in the manual, I have each student prepare a will and let them grade each other on the essential features, after which I review them. It

The "Institute Teaching Problems and Possible Solutions" panel. *Left to right*, Messrs. Rutherford, Meyer, Lewis, Grossman, and O'Neill



might be feasible to have the will-of-the-year in each class. At each session I review the previous chapter, present the current lesson, and include a few points from the next lesson for continuity, and, on the final examination review, I make sure that the questions reviewed cover all of those which will be included as part of the final quiz."

In his talk, Mr. Rutherford appealed to chapter officers and instructors to cooperate with the national office in keeping overhead expenses at a reasonable level by ordering their textbooks and supplies sufficiently in advance of their need to permit delivery through normal facilities.

Size of Classes

Following dinner, another panel group explored the general theme: "Institute Teaching Problems and Possible Solutions." Participants were Herbert R. Grossman, distinguished professor, author, and attorney, and a member of Washington Chapter's faculty; Henry Meyer, assistant cashier of the First National Bank of Baltimore, and Brooks B. O'Neill, assistant vice-president of the Union Trust Company of Baltimore, both of whom are on Baltimore Chapter's faculty; Mr. Rutherford; and Mr. Lewis, as moderator.

Among the controversial questions that came up for discussion was the number of students that should be permitted in a single class. Although it was conceded that in exceptional cases an instructor could handle a larger number, both from the standpoint of student and instructor, 25 to 30 were considered the ideal teaching load.

When some instructors entered an objection that 42 hours was not sufficient time to cover certain courses thoroughly, Mr. Lewis pointed out that the national office of the Institute does not restrict the courses to 42 hours, but rather has set 42 hours as a minimum requirement. He stated that chapters may extend the hours if there is a need,

but advised caution lest the standard certificate course pace be slackened.

Local Faculty Conferences

In his summation of the discussion, Educational Director Lewis urged the chapter leaders at the Baltimore meeting to capitalize on the foundation laid by holding two faculty conferences locally each year, one in the fall and one in the spring. He suggested that at the fall conferences they acquaint their instructors with the Institute's educational objectives and familiarize them with its regulations. They were asked to review their progress in the various courses at the spring conferences and prepare a memorandum for the national educational director, indicating any weaknesses in the curriculum and educational material.

Did this faculty conference accomplish its purpose? For the answer, listen, for a moment, to this comment by Mary Veronica Johnston, who teaches shorthand and secretarial science for Washington Chapter and the only woman instructor present:

"I have so many new ideas on how to present my subjects effectively and on how to stimulate interest on the part of the students that I can hardly wait to get back to my classes tomorrow night."

James G. Renshaw, assistant secretary-assistant treasurer, Equitable Trust Company, Baltimore, almost duplicated Miss Johnston's statement when he said:

"This meeting has been a real inspiration to me and I want you to know that tomorrow night I am going to do a better teaching job than I have ever done before."

These statements, and many others like them, were gratifying to Institute President Hartwell F. Taylor, Educational Director Lewis, and Associate Secretary Rutherford as they correlated the events of this meeting to the conferences scheduled for other areas.

World Business

(CONTINUED FROM PAGE 42)

bound to go off—primarily, Mr. Sawyer holds, because we cannot allow the drain of immense foreign aid programs to continue indefinitely. Fresh from hearing the complaints of businessmen about high taxes, the Secretary cited the \$6½-billions of U. S. grants and credits used abroad in fiscal 1949 and the more than \$26-billions we have handed out since the war's end.

Reminded of complaints he has received concerning Japanese competition in this country and asked how Germany and Japan are going to earn their living, Secretary Sawyer replied: "I assume that fairly soon the Germans and the Japanese will furnish the answer to that question. Obviously we cannot continue to assume the responsibility for the economies of our recent enemies."

DEVALUATION AFTERTHOUGHTS

Despite the rumors and speculation about sterling all summer, Britain's lonely decision to devalue by 30½ percent caught many Fund members and others unaware and unprepared. The unpreparedness was reflected in the caustic comments of trans-Channel financiers and ministers. Irked by Britain's failure to take them into its confidence by so much as a day, they described London's tactics as "economic warfare" and a blow to the already half-hearted European economic and political cooperation. The unpreparedness also was reflected in the fact that 15 countries, many having no political ties to Britain, were at a loss to devalue by any amount other than Britain's 30½ percent.

Still others under sterling's influence devalued in varying amounts; and at this writing the repercussions are still incomplete. Countries belonging to the Fund went through the motion of "consulting" that body, because the articles of agreement so require. So far as the outsider can observe, the September consultation was entirely perfunctory. At its beginning the Fund accepted the par values its members then had. Now, automatically and wholesale, it has accepted whatever parity changes members communicated to it. This formality the Fund's managing director was inspired to describe in a press release as "a convincing demonstration that international cooperation begins now to be a reality." Certainly it still behooves members to "consult"

the Fund in such circumstances, when it still has available \$2.7-billions out of its original \$3.4-billions of gold and dollars.

Yet no Fund member showed that it felt any need to decide its new parity in the Tower of Babel in Washington. If there was any real consultation as to rates or timing in September by devaluing countries, it was at best on a bilateral country-with-country basis; and of that, no evidence has yet come to light. Even in regard to the reopening of the Fund to borrowing by ERP countries and others, a change much desired in Britain for its effect on the world dollar shortage, the correspondent of the *Financial Times* cabled to London: "That question will naturally be decided between the Americans and British in private."

Apart from getting access to more dollars, some in the ERP countries want the Fund reopened to them because they believe that the ultimate threat of exhaustion of the Fund's dollars will prompt that body to declare the dollar to be a "scarce currency" in the meaning of the Articles of Agreement. They take the narrow view that, in the Fund, dollars and gold are not interchangeable; that when the Fund's *dollars* are exhausted, the Fund won't use any of its gold to acquire more dollars. And, once the Fund declares the dollar to be scarce, soft-currency members may apply trade discriminations against American goods regardless of the terms of loan agreements or other pacts. This line of reasoning in Europe may be just too wishful. When the issue has to be faced by the Fund, the U. S. executive director will not be without large influence.

Of interest in connection with the foregoing is a letter Secretary of the Treasury John W. Snyder sent on October 4 to Representative Jacob K. Javits of New York about the latter's proposal that the Fund and Bank be merged. Mr. Snyder pointed out that the Fund's holdings of dollars already had been reduced to 49 percent of the U. S. quota and stated it to be the United States' policy to conserve the Fund's resources for the intended purpose of giving "temporary assistance in financing balance of payments deficits on current account."

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currency, has gone "whole hog" in the direction of managed money. The provision that the currency outstanding be backed by a 25 percent gold reserve has been stricken from the statutes as an anachronism. Moreover, following the devaluation of sterling, Argentina early in October announced a new set of exchange rates about as complicated as anything since the heyday of Hjalmar Schacht in Germany.

Syria's government, according to a news report received by the World Fund, has purchased 170,000 gold sovereigns with sterling. These coins have a premium value in the gold traffic of the Middle East, even in countries belonging to the Fund—Syria, for example.

Italy, following the September devaluation, imported American gold for the purpose, according to some reports, of strengthening confidence in the lira. Some view the Italian move as a hedge against possible devaluation of the dollar—a very remote contingency, it seems today. In Italy's free market gold is selling at \$50 an ounce, one sees by the newspapers.

Devaluation is proving a stimulus to gold mining in South Africa, Canada, and elsewhere. Since it is the policy of Congress to buy all gold offered at the fixed price of \$35 an ounce regardless of domestic need, devaluing gold-mining countries by a stroke of the pen in effect vote themselves a future inflow of dollars. The U. S. gold policy benefits all gold sellers indiscriminately, Russia as well as the rest. The higher the price of gold in the local currency of the mining country, the larger the mine output tends to be, since it becomes possible, at higher prices, to mine lower-grade ores.

Although controlling imports tightly, South Africa in November will import 2,500 tons of dollar-digging (*i.e.*, gold-mining) machinery.

EXIMBANK EXPERIMENT

The Export-Import Bank—or, as it calls itself in a press release, the "Eximbank"—has adopted an experimental credit plan involving a revolving credit of \$3-million to Amertool Services, Inc., an export financing corporation organized under the Webb-Pomerene Act by a group of machine tool manufacturers. In a commercial bank of its own selection, Amertool maintains, for the benefit of Eximbank, a cash collateral reserve fund of not less than one-third of the foreign importer paper acquired by Eximbank under the arrangement with Amertool. All credit losses will be first absorbed by Amertool's own reserves to the extent that such reserves

are adequate, and Amertool is primarily responsible for determining individual credit risks.

Chile has obtained another \$25-million loan from the Eximbank. As in the case of the recent loan to Israel, \$10-million of the new loan to Chile will be advanced "on demonstration that the advances are necessary . . . for 1949 imports agreed to be essential."

POINT IV

In essence, what the supporters of Point IV are trying to do is to help close the outside world's "dollar gap" with a new prescription. If the country is getting tired of ERP, if big Congressional loans to foreign governments cannot get the approval of the Congress, if the World Bank and the Export-Import Bank do not provide the answer, well, somehow private capital must again be interested in the money-making opportunities abroad. Under Point IV, as explained to Congressional committees, this is to be done in several ways, notably by giving investors Uncle Sam's guaranty against "the risks peculiar to foreign investment": inability to convert earnings, expropriation and physical destruction of property. This is really a big order.

If the program should result in a large outflow of private American capital to other countries, in the end it is likely to become more "gift" than "investment" for the very simple reason that investments imply ultimate repayment. While *some* individual foreign investments will be repaid, *in the aggregate* there cannot be repayment to the United States until this country's imports exceed its exports. There is no sign of this coming about in the foreseeable future. In the end, therefore, Uncle Sam will hold the bag for Point IV, as he has done and is doing for the variety of programs tried in recent years. Differing in name, they have one common characteristic: ships sailing away laden with goods and returning in ballast, financially speaking. Nor is it certain that enactment of Point IV guarantees will produce a large capital outflow.

A note of caution was sounded by former Assistant Secretary of State Spruille Braden before the House Foreign Affairs Committee. He counselled: "To initiate the Point IV program without prior thought and deliberate study of all the varied and conflicting factors involved would be to court failure." Equally instructive is a special article on Point IV in the Guaranty Trust Company's September 30 *Survey*. Tracing the evolution of this policy in search

of a program, the article comments on the burden of foreign aid now being carried by this country's taxpayers, one which threatens "to impair their capacity to produce." In assuming the risks of Point IV investment guarantees, the *Survey* observes, the Government would not only be laying itself open to heavy financial loss but also to almost inevitable involvement in the actual conduct of business operations.

BRITISH ADVICE, VIA INDIA

On the theory that dollars for India will tend to help Britain in the matter of its sterling debt, the *Manchester Guardian* offers to "the West" some counsel which the Indian Government Information Services have distributed here. In the East, India is the country most likely to stand up against communism, states the editorial, and "the West" should concentrate its assistance on her. "The aid which India needs is economic," continues the *Guardian*. "In the stagnation of India's production at a time when its population is increasing [i.e., any time] lies India's greatest social and political danger."

Perhaps the most useful "know how" India could import would be birth control. The problems of underdeveloped countries are not solved by increasing food production while the number of mouths also is being increased. This applies not only to India and China, but as well to Italy, Greece, or Mexico, to name a few.

India, of course, has been receiving dollars from the World Bank—a reflection of American policy—and is sure to get other loans from that institution in the next year or two. There is in Washington some thought of seeking in exchange India's consent to fund a good part of the balances it holds in London.

FIVE BILLIONS IN GIFTS

"The West," as represented by Washington, during fiscal year 1949 gave away \$5,169,000,000 in goods, the Commerce Department reports. ERP countries alone received more than \$4-billion, of which figure \$858-million came from outside the ECA. During the four postwar years U. S. foreign grants exceeded \$13 1/4-billions, the largest amounts going to Germany, China and Italy. The above figures do not include loans.

LATIN AMERICAN RATES

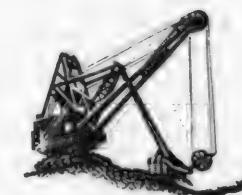
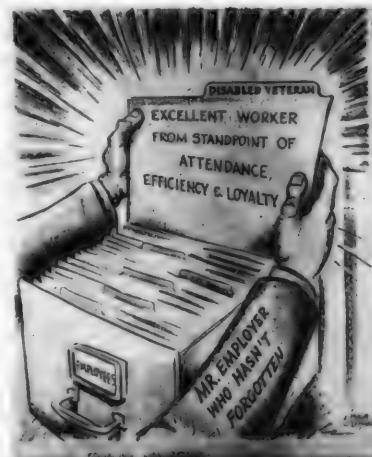
Europe's devaluations were bound to have repercussions in those Latin American countries not plainly in the area of dollar influence. Argentina and

Uruguay, with close trade ties to Britain, got around to announcing new rates early in October. Argentina, not a member of the Fund, has a very complicated multiple-rate structure. The various rates, applying to different categories of exports and imports, have been juggled with the general effect that the peso is devalued from the standpoint of American exporters dealing with Argentina, while it is appreciated vis-à-vis sterling for British importers of meat, grains and linseed oil. This is the equivalent to a price increase for those products so important to the British.

With much of the world's trade now in the hands of governments, the striking of bargains becomes an annual test of strength between titans. To bring to conclusion the periodic meat contracts with River Plate countries entails the sending of missions back and forth on repeat visits; and even then it is sometimes months after the contract period has begun that the contract is concluded, the price being made retroactive to the beginning of the year.

Uruguay, a Fund member, has not followed Argentina's example in degree of depreciation or multiplicity of rates. The Fund accepted Uruguay's October changes—"expressed no objection," the press statement reads—but it is known to feel outraged that Uruguay has set so wide a spread between the rates for basic and favored exports and still has declared no par value. Seemingly the Fund is helpless to enforce its views, but can only "take note" of what is a *fait accompli* despite consultation by the member.

In Chile a government spokesman has revealed to the press the decision to fix a new rate for the peso in connection with imports of essentials: 43 per dollar.



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How to Sharpen Operations

(CONTINUED FROM PAGE 47)

adapting the JMT program for bank use.

The Job Methods plan is as follows:

Step 1: Break down the job

A. *List every detail exactly as it is now being done by the present method.* This means that everything that is done must be listed—every inspection, every delay, every transportation from one place to another, every movement of the hands or body.

It is important to list every detail because it gives an accurate picture of how the job is done and brings out many details of the job that we never realized were there. The detailed breakdown offers a greater opportunity for analysis and for locating valuable improvements. It is also true that we often think we have all the facts when in truth we do not. We button our shirts every morning, but most of us would be hard-put to reply quickly to the question, "How many buttons are on your shirt"?

A SUPERVISOR in one of the departments of Central National Bank once discovered a clerk typing a series of figures on a remittance advice, carrying the advices to the adding machine, listing the amounts and then returning to the typewriter to enter the totals. After looking over the operation, he and the clerk worked out a method of entering the figures on the forms by means of the adding machine in the first instance, thus saving many hours of work each month. Illustration A is the Job Methods Breakdown sheet prepared for the "present" or previous method.

Step 2: Question every detail

Success in finding any improvement depends on our ability to develop a questioning attitude. There are six questions involved in the questioning process.

A. *Why is this detail necessary?* This question must be asked for every single detail listed in the job breakdown. It is essential so that we can distinguish necessary details from those that are unnecessary or doubtful. It is the question which leads to valuable improvement if we find many unnecessary details.

If any one had taken the time to ask the question "Why", steps 7 through 14 as shown on Illustration A would have been eliminated a long time before they were.

"Does it add to the quality of the job?" and "Can we do without it and still maintain the standard of the job?" In the job used as an example, it was decided that we could do without several steps. While asking these questions, it is important that we do not take action on any ideas until the entire routine has been thoroughly studied.

C. *Where should the job be done?*

D. *When should it be done?* What is the best time? Must it follow or precede

Illustration A—Had anyone asked "Why?", steps 7 through 14 "would have been eliminated a long time before they were"

JOB METHODS BREAKDOWN SHEET

Operation	Preparing Remittance Advices	Product	Department
Your Name	Jim Jones	Operator's Name	Jane Doe
<hr/>			
	List of All Details for <u>Present</u> Method	NOTES	IDEAS
	Every single thing that is done—Every inspection—Every delay	Reminders—Tolerances—Distance—Time used—Etc.	Write them down—Don't trust your memory
1. Pick up first form	From file at left of typewriter		
2. Insert form in typewriter		Consider continuous forms	
3. Type amount for each year	10 separate figures on same forms		
4. Remove form from typewriter	Pull top of form with left hand	Consider using right hand while picking up with left	
5. Stack	At right of typewriter		
6. Repeat 2, 3, 4, and 5 until all forms completed			
7. Carry stack to adding machine	15"		
8. Clear machine			
9. List amounts on first remittance advice			
10. Turn over first form			
11. Take total	Steps 10 and 11 done simultaneously	Good	Would adding machine type be acceptable on forms
12. Repeat 6, 9 and 10 until all forms completed			
13. Remove tape	Carry form to typewriter and place to 14, left of machine		
14. Insert first form in typewriter		Continuous forms would help	Save operation
15. Enter total from tape	Has to often check detail of amounts		
16. Remove form from typewriter			
17. Stack	At right of typewriter		
18. Deliver to checker	5'		
19. Deliver to checker			

Illustration B—Breakdown sheet for the simplified job

JOB METHODS BREAKDOWN SHEET

Operation	Preparing Remittance Advices	Product	Department
Your Name	Jim Jones	Operator's Name	Jane Doe
<hr/>			
	List of All Details for <u>Present</u> Method	NOTES	IDEAS
	Every single thing that is done—Every inspection—Every delay	Reminders—Tolerances—Distance—Time used—Etc.	Write them down—Don't trust your memory
1. Pick up first form	From file at left of adding machine		
2. Insert form in adding machine			
3. Enter amount for each year			
4. Take total			
5. Remove form from adding machine	With right hand while picking up another with left		
6. Stack	At right of adding machine		
7. Repeat 2, 3, 4, 5 and 6 until all forms completed			
8. Deliver forms to checker	5'		
9. Deliver to checker			
10. Deliver to checker			
11. Deliver to checker			
12. Deliver to checker			
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some other details? When will the necessary clerks, machines, or work be available?

E. Who is best qualified to do it? This question should be asked in order to determine the person best qualified to do the job from the standpoint of ability, experience, and interest.

It is important to apply these questions not only to the detail of a particular job, but to the type of machines and all other procedures relating to that particular operation.

It is important also to ask the questions in the order listed. It is obvious that it would be a waste of time to try to determine how a job was to be done if it could have been eliminated earlier by asking why or what.

Step 3: Develop the new method

In developing the new method of preparing remittance advices, another job methods breakdown sheet (Illustration B) was prepared. The process was as follows:

A. Eliminate unnecessary details. We eliminate details to avoid unnecessary use of manpower and machines. For example, abandoning use of typewriters and using only the adding machine. The answers to why and what lead us to eliminate unnecessary details.

B. Combine details. A considerable amount of time and effort can be saved by combining details whenever it is possible and practicable. In the illustration, 19 details were reduced to eight through elimination and combination.

C. Rearrange the details for better sequence. Quite frequently if the necessary details cannot be combined or reduced, they can be rearranged for better sequence, thus reducing handling and back tracking.

D. Simplify all necessary details. The answers to "how" give us leads to simplifying necessary details. Under this step we approach the problem of material and supplies in the best position, the arrangement of the work area and making the best use of both hands in order to lessen physical strain and improve production.

E. Work out your ideas with others. It is always helpful to discuss your proposed ideas with your superior, because he is often in a position to give you some practical suggestions. Most important of all, however, is the requirement that the proposal be worked out with the employees and all concerned. They are on the job and can contribute valuable suggestions. Further, they get a real satisfaction out of an improvement if they have been consulted and have contributed to it. An interested, satisfied

employee is often just as important as the idea itself.

It is interesting to note that in improving the preparation of remittance advices, the supervisor made certain that he had the full cooperation of the clerk on every step of the proposed change.

F. Write up the proposed improved method. (Illustration C is the write-up on the job we are using as an illustration.)

Too many ideas die because they are not written down, and if they do not die they often float around for months before finally being adopted. It is important here to make a complete summary of your proposed improvements, outlining exactly what the new method will do and how it can be done.

Step 4: Apply the new method

A. Sell your proposal to management and operators. The first step in applying the new method is to sell the proposal to management. This is where the receiving teller in my bank, in 1910, erred when he proposed the batch system. He tried to sell his idea verbally and with incomplete investigation and analysis. Management should receive a short complete story in written form. This story should include only facts regarding the proposal, using breakdown sheets and sketches, if necessary. The proposal sheet, accompanied by the "present" and "proposed" job breakdown sheets often suffice for this purpose.

After selling the idea to management, it is necessary to sell it to the people who are to apply it. If this is not done, it may not receive a fair test. It is

also necessary that the employees who are to use the idea are carefully instructed so that they will give their full cooperation.

By eliciting the cooperation of the clerk throughout the survey process, it was unnecessary to make another effort to sell the clerk because she had helped work out the idea.

B. Get final approval of all concerned on safety, quality, quantity and cost. Securing written approval on the proposal sheet will save many headaches.

C. Put the new method to work. Use it until a better way is developed. Above all, avoid waiting; put it into action as quickly as possible, because waiting will take the steam out of the idea. It is important to follow through to see that employees do not slip back to old habits.

D. Give credit where credit is due. Remember to give proper credit to those who helped you with your ideas. One stolen idea will stop all others. The more credit we give, the more ideas we get.

Effective planning of methods and equipment is done in many banks without the use of the formal JMT formula or forms. However, a complete planning job requires that all the essentials of the JMT formula be used.

The dollars saved by planning methods and equipment can seldom be measured accurately. However, it is obvious that a smoothly running shop will keep employees happy and satisfied. This, in turn, increases customer service, which brings in more business and lowers the cost of service. In other words, methods planning is a chain reaction.

Illustration C—The "writeup" of the idea

JOB METHODS PROPOSAL		DATE	DEPARTMENT
TO...	John Roe, Cashier		XYZ
FROM	Jim Jones		
OPERATION	Preparing Remittance Advices		
FOLLOWING IS MY PROPOSAL FOR IMPROVING THE METHOD FOR DOING THIS WORK:			
I suggest that we prepare our remittance advices entirely on the adding machine, instead of entering the amount on the form with the typewriter, totalling on the adding machine and then returning to the typewriter to enter the total.			
The attached Job Methods Breakdowns illustrate the difference between the two methods. The advantages of New Method:			
1. Reduces number of steps from 19 to 8 2. Saves 6 hours work per week			
Adding machine type has been judged by several officers to be equally as satisfactory as typewriter type.			
CREDIT IS DUE	Jane Doe	FOR HELPING WITH THIS IMPROVEMENT.	
*NOTE: TELL EXACTLY HOW YOU BELIEVE THIS IMPROVEMENT CAN BE ACCOMPLISHED. USE ANOTHER SHEET FOR ADDITIONAL INFORMATION OR SKETCHES IF NEEDED.			
ATTACH PRESENT AND PROPOSED BREAKDOWN SHEETS.			

(CVER)

We can trace the effects
of our trust promotion
program in nine new wills,
one substantial agency,
one living trust, and
additions to several other
existing living trusts...

TRACEABLE RESULTS

Many trust officers tell us
how PURSE trust advertising
programs bring direct
results.

Write now for details of
a trust promotion program
designed to fit the needs
and the budget of your
trust department.

THE PURSE COMPANY
Headquarters for Trust Advertising
CHATTANOOGA 2, TENNESSEE

Bank Staffs

(CONTINUED FROM PAGE 43)

further interviewing will not affect the results materially either way. We actually interviewed 1,041 persons, or about 4.7 percent of the total in the area surveyed.

Armed with a clip-board, a tabulating form, pencil and copies of the *Thrift Talks* (with the name of the bank removed), our teller-fieldworkers sallied forth. They worked in teams of two to a block. The director of the survey was able to supervise two teams by driving along slowly, observing progress of the interviews. At prearranged spots, the teams and the director met to exchange experiences and compare notes. Four days were required to complete the field work. Next came the tabulating and analyzing of results, and finally, the preparation of a clip-sheet report that was presented to the board of trustees of the bank.

RESULTS were highly satisfactory. Even the most optimistic among us did not think that our advertising efforts for 27 years had borne such fruit. Eighty-four percent of those interviewed recognized our publication (even with the name of the bank removed) and correctly named our institution as the issuing bank. To the question, "Is it delivered here regularly?" 79 percent answered, "Yes," 17 percent answered "No," and 4 percent didn't know. Notice that the 16 percent who could not recognize the publication compares closely with the 17 percent who said that it was not delivered to them regularly.

Of those who received *Thrift Talks*, 82 percent said that they read it, 11 percent read it sometimes, and 7 percent do not read it at all. To the query, "Does your family read it?", 80 percent replied "Yes," 10 percent "No," and 10 percent "Sometimes."

Further questioning revealed that each *Thrift Talks* delivered to a home actually had 3.4 readers. Our 22,000 issues in this area, after allowing for those not received, had an actual readership of 53,182 persons.

Ninety percent of the respondents said that they liked our publication. Nine percent couldn't make up their minds and the remaining 1 percent said flatly that they didn't like it.

Comments were not asked for, but it was found that many people volunteered information—in fact that was the only difficulty experienced in the whole study—people just love to talk! These criticisms and suggestions were welcomed and have been used as the basis for some changes.

When it was all over what had we gained? The guesswork method of running an advertising budget had been thrown overboard—for once we had facts on which sound decisions could be based. The survey showed conclusively that excellent coverage was being obtained and that *Thrift Talks* was actually read and liked by large numbers of people. An expenditure which represents a considerable portion of our advertising budget was therefore justified.

Research studies of the "home grown" variety can be made by most banks at little or no expense. If nobody on the bank staff has had research experience, outside professional guidance should be obtained. The danger of reaching erroneous conclusions from data of questionable validity is too great to risk using inexperienced help. But the largest single item of expense can be entirely eliminated if we recognize that tellers can be fact-finders, too.



This is how Chic Young, the cartoonist, makes a first rough sketch for the famous strip.



Then when each panel in a strip meets his approval, he makes a careful pencil rendering as above.



After this, the pencil rendering is carefully inked in, as you see here.

STEP BY STEP... that's the way it's done successfully!

AS YOU CAN SEE, Chic Young, who draws the popular "Blondie" comic strip, goes through many steps to arrive at a finished cartoon.

And, cartoonist Chic Young, together with millions of other smart Americans, will tell you that the step-by-step method is the easiest, surest way of doing anything worth while.

Particularly, saving money.

One of the easiest and surest ways to

set aside any worth while amount of money is to buy United States Savings Bonds the step-by-step method—

So set aside a *regular* amount week after week, month after month, year after year. Then in 10 short years you will have a mighty nice nest egg tucked away for you and your family.

Get started now. Get your Bonds through Payroll Savings or at your bank or post office.

AUTOMATIC SAVING IS SURE SAVING—U.S. SAVINGS BONDS



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NATIONAL CITY BANK TRAVELERS CHECKS!

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Business Aids

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



IBM SERVICES FOR BANKS.
A 26-page illustrated booklet outlining all-electric services, applicable to large or small banks. Covers time recording, attendance, payroll, installment loan and trust accounting by means of IBM equipment and punched card sys-

ment and punched card systems, together with the advantages of such equipment as the proof machine and electric typewriter in increased efficiency of bank operations.

INCENTIVE PAYROLL AND LABOR ACCOUNTING reviews the automatic recording of all phases of payroll accounting, calculation of earnings, preparation of records and reports essential to cost control. System records employee names, rate of pay, seniority, attendance, output, performance, reports for management and employee. Also includes detailed cost records, machine time and output data. This system might offer helpful suggestions even to those concerns not using punched cards in their record keeping. This series of detailed reports include:

BREWING INDUSTRY—DISTRIBUTION CONTROL

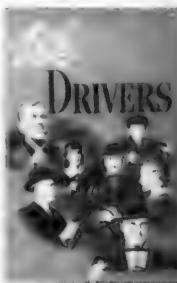
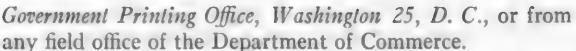
LOCAL GOVERNMENT TAX ACCOUNTING

LOCAL GOVERNMENT TAX ACCOUNTING
PETROLEUM INDUSTRY MARKETING—SALES
STEEL INDUSTRY MILL ACCOUNTING

These and others covering many industries and types of internal operations are available from *IBM Corporation, 590 Madison Avenue, New York 22, N. Y.*



An illustration of a person sitting at a desk, working on a typewriter. In the background, a book with the title 'Developing New Products' is visible on a shelf. The scene suggests a professional environment focused on product development.



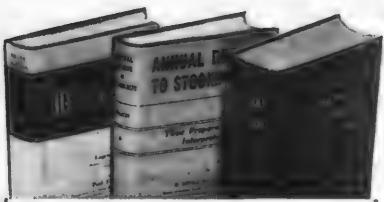
WE DRIVERS. A 36-page illustrated booklet written in everyday language, containing practical driving information and safety suggestions based on material drawn from General Motors engineers, research specialists and proving ground technicians, and from everyday motorists through answers to questionnaires.

Fog," "Our Brakes," "Driving on Hills," "Power and Speed," "Slippery Weather," "City Traffic," "Parking," "Signs and Signals," and a final chapter devoted to the operation of cars with automatic transmissions. Banks interested in automobile financing may be interested in obtaining copies of this booklet from *General Motors, Department of Public Relations, Detroit, Michigan.*



FACTORS FAVORING BUSINESS EXPANSION IN OKLAHOMA. A 60-page booklet containing an interestingly presented study, illustrated by means of tables and charts, of the factors affecting business development in Oklahoma.

Twelve sections give detailed information on Oklahoma's favorable competitive position, distribution facilities, transportation, labor, industrial fuels, power, water, production material (mineral and agricultural), research, industrial sites-buildings-foundations, trends-taxes-laws, climate-recreation. This book may be obtained by writing *Oklahoma Planning and Resources Board, State Capitol Building, Oklahoma City, Oklahoma.*



Books of Lasting Help in Making Financial Decisions

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By Eugene L. Grant, Paul T. Norton. Just published—a searching, timely analysis of all aspects of depreciation, including vital Federal income tax considerations. Examines pros and cons of various methods of calculating depreciation and makes concrete proposals for improving present practice—based on today's business requirements, the public interest, and aims of the accounting profession. Covers corporate taxation; selecting, revising depreciation rates; problems of price-level changes; function of depreciation as a guide to business decisions. Illustrated by examples from many industries. Includes Tax Court Decisions—Declining Balance Tables, 25 Charts and Diagrams. 472 Pages. \$5.00

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By Jules I. Bogen, Editor; Board of 68 Assisting Editors. A treasury of tested facts, methods, suggestions, on every phase of finance and financial operations. Tells how to anticipate business fluctuations, interpret finance statistics, conduct business transactions. 27 big Sections cover: Security Analysis; Corporate Stock; Bond Financing; Money, Credit and Banking; Interest Rates; Trusts and Agencies; Reorganization; International Banking; Intercorporate Relations; Pension and Profit Sharing Plans—dozens of related subjects. Completely up-to-date, Handbook provides quick, detailed information on practical financial management—brings year-round help where operations call for careful planning, meeting changing conditions. 139 illus. 3rd Ed. 1289 Pages. \$7.50

ANNUAL REPORTS to Stockholders

By N. Loyall McLaren, C.P.A. Meets an important need of controllers, bankers and auditors today. A constantly valuable guide to accepted reporting standards, and a challenge to improved procedures. Equally valuable to those who depend upon stockholders' reports as an index to conditions in a business. Offers specific help in interpreting meanings and implications behind facts and figures. The author critically analyzes each component of annual reports to exemplify features of form, arrangement and text—basing his study on 64 representative stockholders' reports. Winner annual AIA award for "the most important book published on an accounting subject." 364 Pages. \$5.00

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M 122

New Books

ECONOMICS AND THE PUBLIC WELFARE. By Benjamin McAlester Anderson. Van Nostrand, New York. 594 pp. \$6. The late Dr. Anderson, one-time economist of the Chase National Bank, covers in this book the period between 1913 and the end of World War II. It represents, he says, "the records and recollections of a participant in the history," for the author had a part in many of the events and developments chronicled in this spacious volume. The publishers say he has disclosed "much information not hitherto readily accessible on the financial structure of contemporary economic life." A foreword by Henry Hazlitt observes that Dr. Anderson had "combined a rare grasp of economic history with an intimate knowledge of the events of these years gained as a close and privileged observer, and sometimes as an important adviser and consultant."

THE SUPERVISOR'S MANAGEMENT GUIDE. American Management Association, New York. 188 pp. \$3.50. Seventeen operating executives and specialists prepared this manual for supervisors, foremen and other operating executives in applying new management methods for improving human relations in business. Case histories and discussions of successful supervisory programs and techniques are included.

AN OUTLINE OF MONEY AND BANKING. By Herbert Spero. Barnes & Noble, New York. 228 pp. \$1.25. This volume in the College Outline Series offers a concise survey of the field, seeking to provide the student with "an understanding of the basic principles of American financial institutions and developments." Dr. Spero, assistant professor of economics at the City College of New York, includes current international monetary and banking agencies, such as the organizations springing from the Bretton Woods Conference as means of achieving currency and economic stabilization. Review questions and a list of selected reading references are printed at the end of each chapter.

FINANCE COMPANIES AND FACTORS. By Walter S. Seidman. National Conference of Commercial Receivable Companies, Inc., New York. 192 pp. \$10. This book is offered as "the first definitive volume ever published on the subject of commercial financing." Oper-

ational procedures and techniques are elaborated and legal principles presented. Instalment sales, inventory loans, financing of imports and exports, factoring, and accounts receivable financing are considered.

BRAZIL: AN EXPANDING ECONOMY. By George Wythe, Royce A. Wight, and Harold M. Midkiff. Twentieth Century Fund, New York. 398 pp. \$3.50. Here is a realistic appraisal of investment possibilities in Brazil. The book combines a smoothly written and well-illustrated volume with a hard-headed analysis of the possibilities and limitations of the Western Hemisphere's largest republic. Mr. Wythe, who headed the Fund's team of economic investigators to the country, is chief of the American Republics Branch, Office of International Trade, Department of Commerce. He sees important opportunities in Brazil, as well as an encouraging trend for the future.

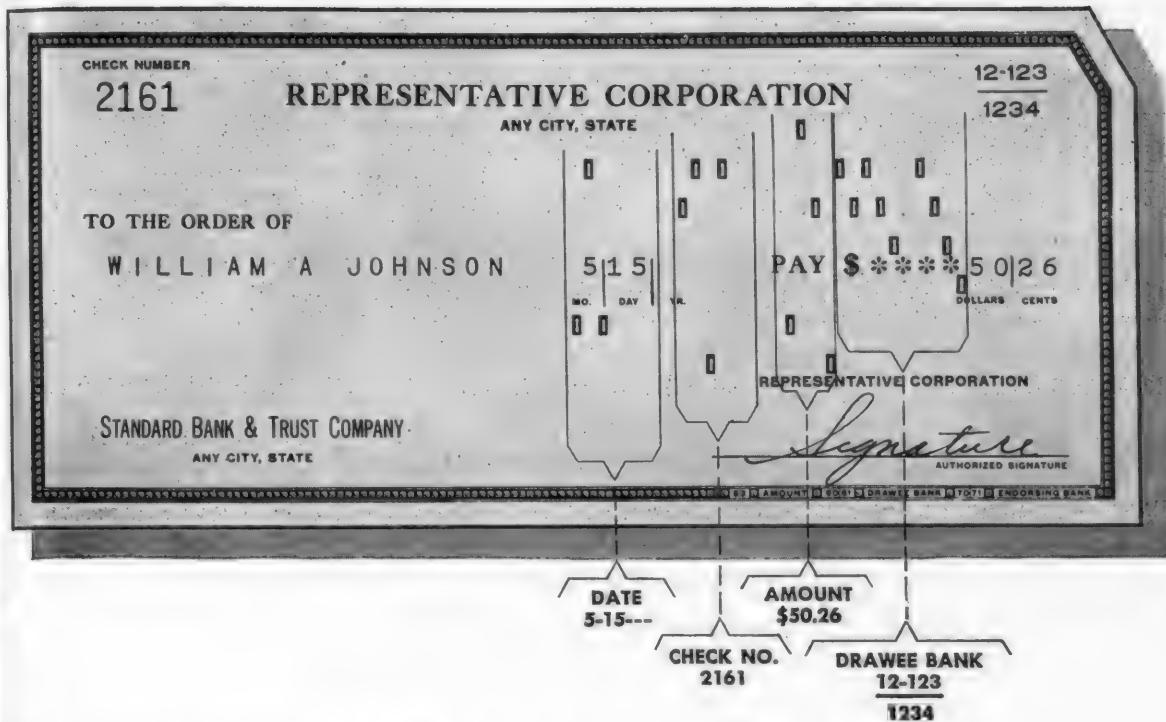
The 110th edition of POLK'S BANKERS ENCYCLOPEDIA, published by R. L. Polk & Company of Detroit, reveals that bank deposits in the United States declined from \$162-billion to \$155-billion between December 31, 1948, and June 30, 1949. The directory reports on the condition of the nation's 14,790 banks and their 4,695 branches as of the latter date. Total resources at the end of the six months were \$170-billion, a drop of about \$7-billion.

CONSERVATISM REVISITED: THE REVOLT AGAINST REVOLT. By Peter Viereck. Scribner, New York. 187 pp. \$2.50. Seeking the values we can live by in 1949, the author examines the bases of traditional conservative political thought and formulates a credo. He examines "that unacknowledged ancestor of our western union, Metternich's Concert of Europe, whose very defects can teach our own union what to avoid."

YOUR SOCIAL SECURITY. By J. K. Lasser. Simon & Schuster, New York. 120 pp. \$1. The author of the familiar *Your Income Tax* tells how to get the maximum benefits from social security. Among other things, he answers 265 specific questions. There is one section on the employer's responsibility. Another lists the records needed to help substantiate claims to the benefits offered by the program.

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Totaling of checks
Listing of outstanding checks
Reconciliation of bank statements
Balancing of bank charges

IBM Accounting Machines process not only checks but also the reports and records necessary to the accounting applications with which the checks are used. This equipment is equally adaptable to other accounting procedures.

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

The Outlook. Examining at random the record revealed in clippings from back in December 1948 and early this year, one must be struck by the remarkable accuracy of the business forecasts.

Having in mind the fact that forecasters, singly and en masse, have fallen on their faces at one time or another since the war, here is a state of affairs so unusual that there must be some reason for it.

In those days, for instance, the election was fresh and the euphemistic welfare state, while not quite fresh, was still something to conjure with. There was extensive foreboding on the part of business itself, but the opinions of the most trustworthy observers of the outlook seemed to form an optimistic pattern—that there would be a minor readjustment the first part of the year, probably followed by a turn for the better.

There were plenty of ifs, as to unpredictable elements, but on the whole the predictable factors seem to have governed the course of business this year, up to the time of serious labor trouble.

Predictables

Predictable factors generally were and are on the inflationary side:

(1) Total personal income running just under \$215-billion annually.

(2) Liquid savings of individuals around \$200-billion.

(3) Almost 60-million employed at high wage levels.

(4) Corporate net working capital around \$65-billion, the highest ever reached.

(5) New funds spent by industry for the expansion of plants and equipment this year about \$17.9-billion.

(6) The amount of bank credit being used at present by business is \$16.5-billion, by agriculture \$3.7-billion, mortgage loans \$16.3-billion, consumer loans \$7.3-billion, security loans \$2.9-billion, and about \$1-billion in miscellaneous loans. Also the banks hold \$87-billion in investments, divided among \$75-billion Governments, \$6-billion state and municipal bonds, and \$6-billion corporate bonds.

(7) Deficit financing by the Government further diluting the money supply by at least \$5- or \$6-billion this fiscal year.

(8) Hundreds of millions to be spent in support of farm prices, for the new arms program, and for foreign aid and expenditures for various welfare projects and likely to increase with the approach of important election dates.

(9) Under such circumstances taxes unlikely to go down.

(10) The tug of war between spenders and savers in the Government fairly sure to reach some kind of a climax before another year passes.

Unpredictables

The predictables do not seem to leave much room for unpredictables.

Labor troubles might be of such protracted nature as to engender a depression of some duration and seriousness, but experience with strikes has been that their effects, however severe, are temporary.

The cold war and the gold war, with its battles of devaluation, tariffs and controls, are a Pandora's Box full of world-shaking troubles. Of the two the cold war is almost sure to remain on ice while we have our substantial atomic lead. The gold war is different. It is right here with reconnoitering parties exploring the possibilities of devaluing the dollar.

If any serious worldwide depression occurs in the next few years it will come through loss of faith in the dollar and if we know our history as we should we would put devaluation rumors at rest by definite action. Once the idea takes hold that the national budget is out of control to the extent where devaluation is inevitable, the results would certainly be unpredictable.

This Is History

An echo down the corridors of history is in a time-stained clipping from a London *Times* of June 1816 showing the realistic way the world's future leader in finance, commerce and industry faced her money problems of that day.

When this newspaper article was published, Britain was trying to recover from the Napoleonic Wars in Europe and the War of 1812 with America. She had a national debt of £861-million, with an annual debt service cost of £32,645,000. High war taxes, increasing bankruptcies, and falling wages had caused widespread discontent and riots for social reform.

Britain repealed her wartime income taxes of two shillings per pound, encouraged domestic agricultural production, passed laws to help develop foreign trade, exercised economies in government, and reformed her money system to put it on a sound, "hard coin" basis.

One paragraph regarding gold read as follows:

"That the Master of the Mint shall also coin such gold bullion as may be delivered to him for that purpose, into *half-pounds, pounds, and two-pound pieces*, so that the half pound shall contain (as nearly as may be) so much pure gold as may be equivalent in value to ten shillings of the new currency, or *one hundred pence*, regard being had to the relative market prices of gold and silver bullion at the time of the coinage; but that it shall be lawful to pay and receive these gold coins for any sum greater or less than their denomination, as the parties concerned may agree."

On the basis of this approach Britain's credit and coin of the realm became the accepted standard of value for the world's currencies. On the rock of sound monetary and economic reforms, she developed a world empire that lasted more than a century.

BOXWOOD HALL The Boudinot Mansion



IN AN "elegant barge" rowed by twelve white-garbed sea captains, George Washington was ceremoniously conveyed from New Jersey to New York City for his inauguration as first President. The chairman of the Congressional Committee accompanying him was Elias Boudinot who, before embarking, had entertained Washington and other distinguished guests at his home in Elizabethtown, New Jersey.

The first owner of the house where Washington was entertained—and quite possibly its builder—was Samuel Woodruff, wealthy merchant and trustee of Princeton College, who lived there in the years previous to his death in 1768.

In 1772 Boxwood Hall, as the house was thereafter known, was bought by Elias Boudinot, the fourth of his name in this country. As a lawyer, statesman, patriot, scholar and philanthropist, Boudinot was one of the most remarkable men of the Revolutionary period. As Commissary-General of Prisoners, he labored to secure humane treatment for British captives and devoted much time and effort to relieving the sufferings of American prisoners of war. When Congressional funds were lacking Boudinot advanced nearly \$30,000 of his own money, though he realized that the possibility of repayment was dubious.

During the Revolution the British Commissioner, Lord Robertson, was so ill-advised as to approach Boudinot with the hint that the choice of a dukedom or 10,000 pounds a year was available to the man who would undertake to settle "the unhappy dispute." Later, trying force instead of bribery, the British ransacked Boudinot's home in search of the "great rebel," but



"His life was an exhibition of fervent piety, of useful talent, and of extensive benevolence."

as a result of which a young Cherokee asked and was granted permission to adopt his name. In his will were many generous bequests including \$200 to buy spectacles for the poor.

Boudinot left Boxwood Hall after his appointment as Superintendent of the U. S. Mint at Philadelphia. The next owner was Jonathan Dayton, youngest signer of the Constitution, for whom the City of Dayton, Ohio was named.

After serving as a school for young ladies, a boarding house and a home for



Period furnishings are being acquired to replace those shown originally on exhibit.

aged women, the house was acquired by the State of New Jersey. It is now maintained by the State Bureau of Historic Sites, still bearing the name of its most illustrious owner.

* * *

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The metalware by this ornate fireplace is kept gleaming.

fortunately he was attending the Continental Congress in which he served three successive terms. In 1782 he was chosen

President of the United States in Congress Assembled, the highest civil office of the pre-Constitution government, in which capacity he signed the treaty of peace with Great Britain.

Among Boudinot's many philanthropic activities was the education of the Indians,



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